HUMAN RESOURCE AND MANAGEMENT

MA [Public Administration]

Fourth Semester

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UTKAL UNIVERSITY

D.D.C.E.

Education for All

UTKAL UNIVERSITY

Directorate of Distance & Continuing Education

Bhubaneswar

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UTKAL UNIVERSITY

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ABOUT THE UNIVERSITY

Founded in 1943, Utkal University is the 17th University of the country and the first of Orissa. It is the result of the efforts of Pandit Nilakantha Dash, Maharaja Krushna Chandra Gajapati, Pandit Godavarish Mishra and many others who envisioned a progressive education system for modern Orissa.

The University started functioning on 27 November 1943, at Ravenshaw College, Cuttack. It originated as an affiliating and examining body but shifted to its present campus spread over 400 acres of land at Vanivihar in Bhubaneswar, in 1962.

A number of Postgraduate Departments and other centres were established in the University campus. There are presently more than two hundred general affiliated colleges under the University. It has eleven autonomous colleges under its jurisdiction, twenty-eight constituent postgraduate departments, 2 constituent law colleges and a Directorate of Distance & Continuing Education. It boasts of a centre for Population Studies, a School of Women's Studies, an Academic Staff College, a pre-school and a high school. The University also offers a number of self-financing courses.

NAAC accredited since 2003, with B++ status and a score little over 80%, Utkal University is recognized by the UGC. It is a member of the Indian Association of Universities and the Commonwealth Association of Universities.

From the Director's Desk

The Directorate of Distance & Continuing Education, originally established as the University Evening College way back in 1962 has travelled a long way in the last 52 years. **'EDUCATION FOR ALL'** is our motto. Increasingly the Open and Distance Learning institutions are aspiring to provide education for anyone, anytime and anywhere. DDCE, Utkal University has been constantly striving to rise up to the challenges of Open Distance Learning system. Nearly ninety thousand students have passed through the portals of this great temple of learning. We may not have numerous great tales of outstanding academic achievements but we have great tales of success in life, of recovering lost opportunities, tremendous satisfaction in life, turning points in career and those who feel that without us they would not be where they are today. There are also flashes when our students figure in best ten in their honours subjects. In 2014 we have as many as fifteen students within top ten of honours merit list of Education, Sanskrit, English and Public Administration, Accounting and Management Honours. Our students must be free from despair and negative attitude. They must be enthusiastic, full of energy and confident of their future. To meet the needs of quality enhancement and to address the quality concerns of our stake holders over the years, we are switching over to self instructional material printed courseware. Now we have entered into public private partnership to bring out quality SIM pattern courseware. Leading publishers have come forward to share their expertise with us. A number of reputed authors have now prepared the course ware. Self Instructional Material in printed book format continues to be the core learning material for distance learners. We are sure that students would go beyond the course ware provided by us. We are aware that most of you are working and have also family responsibility. Please remember that only a busy person has time for everything and a lazy person has none. We are sure you will be able to chalk out a well planned programme to study the courseware. By choosing to pursue a course in distance mode, you have made a commitment for self improvement and acquiring higher educational qualification. You should rise up to your commitment. Every student must go beyond the standard books and self instructional course material. You should read number of books and use ICT learning resources like the internet, television and radio programmes etc. As only limited number of classes will be held, a student should come to the personal contact programme well prepared. The PCP should be used for clarification of doubt and counseling. This can only happen if you read the course material before PCP. You can always mail your feedback on the course ware to us. It is very important that you discuss the contents of the course materials with other fellow learners.

We wish you happy reading.

(S. P. Pani)

DIRECTOR

SYLLABI-BOOK MAPPING TABLE

Human Resource and Management

Syllabi	Mapping in Book
Unit-1: Human Resource Management - Meaning, Nature, Scope and Evolution, Functions of HRM and New Trends in HRM.	**Unit 1:** Understanding Human Resource Management **(Pages 3-40)**
Unit-2: Human Resource Planning, Job Analysis, Job Designing, Recruitment, Selection, Induction, Transfer and Promotion.	**Unit 2:** Human Resource Planning **(Pages 41-97)**
Unit-3: • Employees Training, Career Planning and Career Development, Management Development. • Performance Appraisal, Direct and Indirect Compensation, pay for performance, Collective Bargaining, Human Resource Audit.	**Unit 3:** Career Planning and Appraisal **(Pages 99-186)**
Unit-4: Human Resource Information System (HRIS), Human Resource Audit (HRA), Future of HRM, Issue of HRM- Stress Management.	**Unit 4:** Human Resource Functions **(Pages 187-208)**

CONTENTS

INTRODUCTION

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Organizations around the world are re-modelling themselves in response to the challenges presented by the global economy. Success in today's competitive business environment is increasingly a result of effective human resource management. Structure and technology can be easily duplicated. The factor that can set apart an organization, whether in manufacturing or services, or in the private or public sector, is its people. The quality of the organization's employees, their enthusiasm and satisfaction with their jobs, and their sense of fair treatment all have a significant impact on the firm's productivity, level of customer service, reputation and survival.

Human resource management (HRM) is the function within an organization that focuses on recruitment, management, and in providing direction to the people who work in the organization. HRM can also be performed by line managers. HRM is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training.

Today, HRM is moving away from traditional personnel, administration, and transactional roles, which are increasingly outsourced. HRM is now expected to add value to the strategic utilization of employees so that employee programs impact the business in measurable ways. The new role of HRM involves strategic direction and HRM metrics and measurements to demonstrate value.

This book, *Human Resources and Management*, discusses all the facets of human resources and management in an organization. It also looks at the challenges human resources managers are facing and the future for HRM. Written strictly in SIM (Self-Instructional Material) format for distance learning, this book provides a comprehensive study of HRM. It is a student-oriented textbook as it satisfies the requirements of the students providing an exhaustive exposure to the entire course in a clear, direct and easily understandable manner.This book is easy to read, is a unique blend of theory and practice, and is very useful to MBA students.

Each unit in the book starts with an **Introduction** and **Unit Objectives**. A **Summary** is provided at the end of the unit for a quick revision. This is followed by a list of **Key Terms**, **'Check Your Progress'** questions, and **Questions and Exercises**. Each unit also has a list of books for **Further Reading**, as well as references.

UNIT-1 UNDERSTANDING HUMAN RESOURCE MANAGEMENT

Structure

1.0 INTRODUCTION

In this unit, you will study the nature and scope of human resource management (HRM). As its name suggests, the concern of human resource management is the 'people' dimension. It refers to the philosophy, policies and programmes with regard to the management of people in an enterprise. Since all organizations comprise people, acquisition of their services and development of their skills are important. Human resources should be motivated to achieve higher performance levels. Besides, how committed people are to their organization is equally important for achieving organizational objectives. It is an established fact that the organizations are more effective and efficient if they succeed in acquiring, developing, stimulating and keeping motivated workers. Organizations that fail to achieve this, fall behind. Hence, it is the management of human assets that makes or breaks an organization. If human resources are neglected or mismanaged, the organization is unlikely to do well. Thus, the scope of HRM is vast. Human resource management is not just limited to manage and optimally exploit human intellect. It also focuses on managing physical and emotional capital of employees. In view of the intricacies involved, the scope of HRM is expanding with every passing day.

HRM has evolved over the decades to become a strategic, integrated and coherent approach to the employment, development and well-being of the people working in an organization. The late nineteenth and twentieth centuries witnessed the emergence of HRM as a profession. Some organizations established departments of labour welfare which would respond to complaints from unions and employees, and monitor working conditions and wage policies. Some organizations employed wage clerks to set wage rates based on time and motion studies and analysis of job tasks. Safety specialists became very common in industries. Since industries wanted to reduce claims against themselves, they depended on the safety specialist to help ensure safer working conditions in their organizations. These specialized human resource activities were grouped into large departments. Thus, modern HRM departments were born. This,

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the unit will describe the evolution, functions and importance of human resource management. It will also discuss the changing trends in the HRM and its scope.

1.1 UNIT OBJECTIVES

After going through this unit, you will be able to:

- Discuss the meaning and importance of human resource management
- List the objectives of human resource management and discuss its scope
- Explain the importance of human resource management
- Identify the evolution and growth of human resource management
- Asses the challenges to modern HR management
- Analyze human resource research and information systems

1.2 HUMAN RESOURCE MANAGEMENT

All organizations, whether small or big, need someone who is concerned with the welfare and performance of employees involved in their operations. When any individual or a group of individuals undertakes the tasks of supervizing programmes and setting policies affecting all those associated with the company, they are said to be engaged in the process of human resource management. In other words, human resource management is the responsibility of all those who manage people in an organization. The terms 'human resource management' (HRM) and 'human resources' (HR) are used synonymously with the term 'personnel management'.

Meaning

In the book, *A Handbook of Human Resource Management* Practice, Armstrong describes HRM as a strategic approach to the management of people who are considered the most valued assets of the organization and are working there for the attainment of its goals individually and collectively. Likewise, Storey describes HRM as a distinctive approach to employment management which seeks to obtain competitive advantage using a set of cultural, structural and HR techniques. It has also a focus on strategic application of a highly skilled and committed workforce. Luis Gomez-Mejia regards HRM as a general management approach to managing people and to meet the challenges which organizations face as they attempt to deploy HR effectively. HRM can also help organizations to accomplish success and achieve competitive advantages in the face of these challenges. As the behavioural-based theories indicate, HRM is crucial for organizational success. Likewise, resource-based theories reveal that HRM system may help managers select and employ valuable and rare strategic human capital which competitors cannot imitate within a short-time.

Definitions

There are several definitions of human resource management, such as:

- Human resource management is the part of management that is concerned with people and their relationships at work.
- Human resource management refers to administrative discipline of hiring and developing employees so that they become more valuable to the organization.
- Human resource management is defined as the function performed in an organization that facilitates the most effective use of people (employees) to achieve organizational and individual goals.
- Human resource management refers to the activities designed to provide for and coordinate the human resources of an organization.

- Human resource management is viewed as a system in which participants seek to attain both individual and group goals.
- Human resource management is the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and reproduction of human resources to the end that individual, organizational and societal objectives are accomplished.
- Human resource management is defined as that field of management which has to do with planning, organizing and controlling the functions of procuring, developing, maintaining and utilizing a labour force, such that the (a) objectives for which the company is established are attained economically and effectively, (b) objectives of all levels of Human resource are served to the highest possible degree; (c) objectives of society are duly considered and served.

Nature

HRM brings organizations and people together so that the goals of each are met. It is a comprehensive function because it is about managing people in the organization. It covers all types of people in the organization, from workers till the top level management. It believes in taking actions so that individual and organizational goals are achieved. It is not merely concerned with keeping records and procedures. Human resource is the centre of all the processes of HRM. Thus, HRM is the process which brings people and organizations together so as to help them in achieving their goals. Since human resource is a living factor among all factors of production, it requires continuous improvement and innovations to excel. Development of employees is a vital function of HRM. Employees should get maximum satisfaction from their work so that they give their best to the organization. HRM is a very important activity, which helps organization in the achievement of its objectives. It creates well motivated and competent employees.

Objectives

Objectives refer to predetermined goals to which individual or group activity in an organization is directed. Organizational objectives and individual and social goals influence the objectives of human resource management. Every organization has some objectives and every part of it should contribute directly or indirectly to the attainment of desired objectives. Objectives determine the character of an organization and serve as the basis for voluntary cooperation and coordination among employees. They also provide benchmarks or standards of evaluating performance. The primary aim of human resource management is the promotion of effectiveness of the employees along with performance of their allotted duties. This is achieved by the substitution of cooperation in the common task in place of the suspicions and hostility which have so long been characteristic of relations between employees and employers. According to the Indian Institute of Personnel Management:

> Human resource management aims to achieve both efficiency and justice, neither of which can be pursued successfully without the other. It seeks to bring together and develop an effective organization, enabling the men and women who make up an enterprise to make their own best contribution to its success both as an individual and as a member of a working group. It seeks to provide fair terms and conditions of employment and satisfying work for all those employed.

Objectives of human resource management are derived from the basic objectives of an organization. In order to achieve organizational objectives, integration of employer's interests and employee's interests is necessary.

The objectives of HRM may be summarized as follows:

- Improving the service rendered by the enterprise by boosting the morale of employees, which leads to the development of more efficient individuals and improved group performance
- Managing change to the mutual benefit of all stakeholders
- Establishing in the minds of those linked to the enterprise—employees, shareholders, creditors, customers and the public at large—the fact that the enterprise is rendering the best possible service and is fairly distributing its benefits among those who have contributed or are contributing to its success
- Creating and utilizing an able and motivated workforce to accomplish the basic organizational goals
- Recognizing and satisfying the needs of individuals and teams by providing adequate and equitable wages and incentives
- Employing the skills and knowledge of human resources efficiently and effectively to achieve organizational goals
- Strengthening and appreciating human resources continuously by providing training and developmental programmes
- Enhancing job satisfaction and self-actualization of employees by encouraging and assisting every employee to realize his full potential
- Providing favourable atmosphere to maintain the stability of employment
- Developing and maintaining a quality of work life (QWL) in such a way that employment in an organization becomes a desirable proposition

CHECK YOUR PROGRESS

1. What is HRM?
2. What is the primary aim of human resource management?
3. What do the objectives of HR management refer to?

1.3 SCOPE OF HRM

The scope of human resource management is indeed vast. All major activities in the working life of an employee—from the time of his/her entry into an organization until he/she leaves the organization—come under the preview of Human Resource Management.

Human resource management embraces a very wide field of activities. The scope of human resource management is so wide and varied that the HR department and the human resource executives typically perform a variety of roles in accordance with the needs of a situation. The HR manager plays multiple roles, such as the role of a researcher, role of a counsellor, the role of a bargainer, the role of a mediator, the role of peacemaker, the role of a problem solver, etc. The functional areas of human resource management as outlined by Northcott are—(a) employment (b) selection and training (c) employee services (d) wages (e) industrial relations (f) health and safety and (g) education.

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Figure 1.1 explains the vast scope of human resource management.

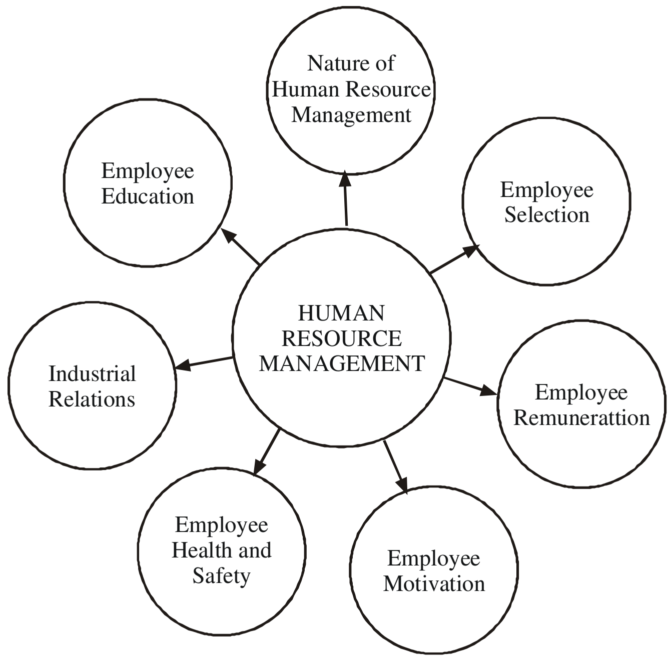

Fig. 1.1 *Scope of Human Resource Management*

It has, therefore, been rightly observed by Peter Drucker that 'management is a multipurpose organ which has three jobs: managing a business, managing managers, and managing workers and the work'. The human resource executives play an important role in a business organization. They not only help in determining the rules of the organization, but also play a powerful role in interpreting and applying the rules of the system itself. They are expected to enjoy the confidence of both the management and labour, which is crucial to the efficient and effective operation of the business organization. The focus of human resource management is on people at work. It is indeed a wide area and covers a broad spectrum of activities. A manager, whether he is in charge of a production function or a marketing function, deals with human beings and gets his job done through and with people.

1.3.1 New Trends in HRM

In the recent past, increasing attention has been paid to the importance of human resource management in determining a firm's competitive advantage. Randall Schuler, has identified the factors that have caused businesses to focus their attention on human resource management. These factors were as follows:

- High levels of uncertainty about basic business conditions
- Rising costs
- Rapid technological changes
- Changing demographics
- Limited supplies of highly trained labour
- Rapidly changing legislation and regulations
- Increased globalization of industries

These changes have led to new competitive challenges for modern business enterprises. These challenges are quite different from those faced by firms in earlier times. There are research evidences which suggest a strong connection between how enterprises manage their human assets and the economic advancements they make. If a firm adopts the high-performance work practice, it will have considerable economic gains. Such a practice provides various important resources for enhancing organizational performance. If the workers of an enterprise have more control and say in their work, their involvement and commitment would be greater. They strive hard to become skilled and competent. Human resource management is crucial for the financial performance of the company and in increasing the productivity and quality of work life (QWL) of human assets in them.

Today, human resource managers are facing the challenge of recognizing talent and nurturing the same cautiously so as to help organizations achieve high productivity. In an organization, there are some people who are intelligent, while some are not so intelligent; some are highly committed to their jobs, others do not have such commitment; some are extroverts, while others are introverts; and so on. Human resource managers need to pay attention to these differences so that they are able to create an atmosphere in which each person can maximize his effectiveness. If this is done successfully, the society as a whole would be in a position to make the best use of its human assets.

Today, an HR manager is supposed to be a planner and a change agent and not a protector and a screener. In the present condition, which is characterized by stiff competition, each organization needs highly efficient and committed employees and have to train employees for emerging roles. In the future, the principal issues will be how the Human Resource Management function can transform its outlook from a traditional to a modern one: from being functionally-oriented, internally-focused, reactive, activity-driven, centralized and control-oriented to being business-oriented, customer-focussed, proactive, effectiveness-driven, decentralized and empowerment-oriented.

Moreover, organizations will need to be concerned with extending their recruiting efforts, developing careful screening procedures, training employees to adapt to change, providing appropriate and sufficient educational programmes and accounting for their investment in recruiting, selecting and training employees. The new generation of employees will weigh salary and benefits packages against their personal needs and values. Therefore, compensation and benefit packages will offer greater flexibility in order to meet individual needs.

At the beginning of the 21st century, humanity finds itself at the threshold of a great adventure, which is not related to the conquest of space and time. It is the discovery of the 'human resource development process' and the realization that this single variable of human resource development (HRD) can account for all other developmental processes. While HRD has been known throughout the ages, its rediscovery as an essential element in development is sanctioned by the deteriorating social conditions. The march of science and technology makes it even more essential to take the best advantage of Human Resource Management and attempt to reverse the detrimental trend we see now. Due to the capabilities of 'mind'—the single inexhaustible resource of mankind, we hope that solutions will be found for social and physical problems.

The world in which human resource managers exist and with which they interact is continually changing, generating new issues and conundrums to consider. While in most cases managers have a fair degree of choice about how to deal with new ideas and new sets of circumstances, the choices themselves are often difficult. The most significant general issue facing human resource managers in the current environment concerns the appropriate response to intensified competition in product markets. For many, the gut reaction is to respond by simply maintaining a continual downward pressure on costs. This may mean fewer people, in which case the human resource function is faced with the need to cut jobs and develop new means of intensifying work. It may also mean keeping pay levels down or below market rates.

Cost cutting is not, however, the only approach available. The alternative involves seeking to compete on grounds other than cost, accepting that prices charged to customers will be higher than those of some competitors, but providing greater overall value. Whatever approach is taken, there is a clear need to develop a greater flexibility and agility than has previously been the case. Whether the 'low cost' or 'high value-added' strategy is adopted, there has to be a fundamental change in the expectations of employees about the role they play and what the organization is able to give to them in return.

These new trends that have taken place in the field of ruman resource management are changing the outlook and approaches towards management of human resources. These recent trends are explained below:

1. psychological contract

In recent times, human resource professionals have come across the term 'psychological contract' being used in reference to organizational behaviour. This helps to improve the job in terms of productivity and performance.

A widespread development that is seen today is what is known as 'the psychological contract' between employers and the people they employ. In 'psychological contract', the basic rules that govern employment relations are the broad expectations about what each side will gain from the other. This shift has ended any expectation of long-term or life-time employment. The employee brings to work his effort and creativity and expects a salary that is appropriate to his contribution and market work. The relationship between employer and employee may be a short-term one and will continue as long as he receives the developmental opportunities he needs to build his career.

Psychological contract has been defined by Schein as 'the depiction of the exchange relationship between the individual employee and the organization'.

Rousseau defined psychological contract as the employees' perception of the reciprocal obligations existing with their employer, as such the employee has beliefs regarding the organization's obligations to them as well as their own obligations to the organization'.

Concept of psychological contracts

According to Rousseau and Parks, psychological contract is made up of the following three concepts:

(i) An employee perceives the promise of an obligation by his or her organization.

(ii) Acceptance is key to psychological contract. This suggests that when a psychological contract is created, both the involved parties are responsible for honouring their part of the contract.

(iii) The organization's fulfilment of that promise.

Irrespective of a formal legally binding contract, if a person is employed for a particular job, he has the tendency to create a perceived contract with the enterprise that he will be working according to his beliefs about what he 'owes' to the company and what the company, in return, owes to him. While such a contract is usually not discussed between the new employee and the organization, each party inattentively has its own ideas of what is included and/or addressed in it. If an employee, for example, completes the assignment with minimal errors, the employer will recognize and acknowledge the job as well done.

In psychological contracts, there exists an inherent sense of satisfaction and responsibility on the part of the employees. Employees strive to give back to the organization what they receive from it psychologically. It is akin to the tenet 'give and take respect'. According to McFarlane, if a promise is not fulfiled, the employee will consider it as a breach of the contract.' In this case, the employee may react negatively, in a way that may or may not be discernible to all. For example, a psychological contract with the supervisor may be carried out so that it dictates an employee's behaviour and attitude towards the position. It assures the employee that if he or she successfully completes the job hired for, he or she will have job security and will be entitled for future reward.

Functions of psychological contracts

The functions of psychological contracts may be summarized as follows:

- Setting the framework to understand employee–organization linkages
- Increasing predictability to reduce uncertainties
- Capturing all aspects of a position
- Reducing the level of uncertainty between the employer and the employees by outlining a mutually agreed set of working conditions to promote a feeling of security among the employees
- Reducing supervisory surveillance by promoting self-regulation and monitoring by the employees
- Giving employees the feeling that they can control their fate by their actions because they themselves consider and choose to adhere or not to adhere to the contractual obligation

Types of psychological contracts

Psychological contracts may be categorized into the following two types:

(i) **Transactional contract:** In a transactional contract, an employee does not personally invest heavily in the project. His attitude will be: 'I am just here to get the job done because I am paid to do it.'

(ii) **Relational contract:** Unlike a transactional contract, a relational contract is not just a monetary relationship; rather it is a socio-emotional relationship in which the employees identify and incorporate the values of the organization.

Breach in psychological contracts

A legal contract is considered to have been breached by the parties concerned when they do not adhere to the terms and conditions mentioned in it. The breach of the psychological contract is said to have occurred when there is a mismatch between what an employee is promised and what the organization actually delivers. There may be several reasons for such mismatch, such as ambiguity, negative behaviour or negative organizational outcomes. However, reneging and incongruence are largely responsible for the violations of the contract. Reneging occurs when the organization or their agents intentionally break their promise to the employees. Incongruence, on the other hand, occurs when the employer or the manager and the employees misunderstand the promise.

2. Pressure to justify HR functions

Another significant effect of increased competition on the operation of the HR function has been greater pressure on it to justify its own existence. The presence of an HR department in an organization can no longer be accepted as a given necessity. They survive and gain influence only where they can show that they add value by making a real contribution to the achievement of business objectives. There has been an upsurge in interest recently in the ways of measuring the HR contribution. A range of approaches including benchmarking outcomes, such as absence rates, and employee turnover rates are used. Attitude surveys among staff and line managers are also carried out more frequently to establish what their perception of the function is and how it can be improved.

3. Managing international operations

One of the chief causes of intensified competition in recent decades has been the growth of the global economy. Most organizations now have to compete, at least to some extent, with rivals based in other countries. As a result, a growing proportion of HR specialists work in organizations which are owned and controlled from overseas or are home based with substantial international operations.

The key decision to take here is how far it is necessary or desirable to have in place HR practices which are cross-national and which operate in the same way in all divisions across the world. Global standardization also facilitates the movement of individuals from one country to another, as well as permitting the sharing of 'best practice' on an international basis. However, a number of problems arise when such a path is taken, such as:

(i) It is not always possible to operate in the same way across the world because of important institutional variations between countries.

(ii) There are diverse employment laws in place, requiring organizations to operate differently in different locations/countries.

(iii) Cultural differences need to be taken into account. The way different people approach work and workplace relations can vary substantially from country to country.

A balance, therefore, has to be struck between global and local HR practices. It is usually possible to put in place an international HR strategy and with certain limitations, to develop a global HR philosophy. By contrast, their application at the local level has to vary considerably depending on what is appropriate in the country concerned.

4. Total quality management (TQM)

TQM, pioneered by Edward Deming, is a broad-based, systematic approach for achieving high levels of quality. Many leading companies, such as Motorola, Cadillac and Xerox, whose strategies require them to survive against the pressures of world-class competition, have implemented TQM.

(v) Total quality management began to gain increasing acceptance in the United States in the mid 1980s. TQM first became popular in manufacturing organizations, but it has also been widely adopted in service settings. TQM ideas have been clearly enunciated by experts such as Philip Crosby, Joseph Juran, W Edwards Deming, Armand J Feigenbaum and Genichi Taguchi. These ideas were initially adopted and mastered by the Japanese and only later spread to American companies.

Quality is the most important focus of attention in TQM. Employees are encouraged, both individually and in quality circle teams, to make frequent suggestions on how the work process or quality can be improved. Great leaps forward are viewed as resulting from many small steps toward continuous improvement. The term 'Kaizen' (a Japanese term meaning 'continuous small improvements') is widely used throughout the world.

Work-improvement teams or Quality Circles (QCs)

QCs became popular in the 1980s, particularly in the aerospace, automobile, steel and consumer goods industries. Although the term 'quality circles' has declined in popularity, the incidence of such groups has grown. QCs are almost always featured in TQM programmes. A QC consists of a small number of volunteers, typically eight to ten employees from the same department who meet for a few hours each week to examine productivity and quality problems. QC members identify a problem, study it and present their recommendations for change and improvement to a committee of higher management.

TQM, thus refers to a set of principles and practices which focus on recognizing customer needs, doing things correctly the first time and striving for a sustained improvement.

However, TQM has not proved to be the final answer as far as the satisfaction of customers and improvement in productivity are concerned. At times, managers and supervisors consider quality as a quick fix solution and are disillusioned when results are contrary to expectations. When TQM initiatives turn effective, it means that there have been significant changes in HR philosophies, policies and programmes. In fact, all organizations which are known for high standards of their products and services believe in the effectiveness of highly motivated and efficient employees.

HR Management and Kaizen

Kaizen is a Japanese term which means continuous improvement or improvement over improvement. It is based on the assumption that there is always scope for improvement and therefore it is a never-ending process. Kaizen has its emphasis on process-oriented way of thinking and management system that supports and acknowledges people's process-oriented efforts for improvement. Kaizen involves a wide range of areas, such as:

- Customer orientation
- Total quality control
- Quality improvement
- Zero defect
- Productivity improvement

The message of Kaizen is that not a single day should go without some kind of improvement being made somewhere in the company. By this Kaizen means small improvements on an ongoing basis. For adopting Kaizen in an organization, the role of top management and HR department is crucial. The role of a HR department is to prepare human resource at various levels to participate in Kaizen by providing them relevant training.

HR management and six-sigma

TQM programmes are organization-wide programmes aimed at maximizing quality and customer satisfaction, satisfaction through continuous improvement, zero defects, or six-sigma (a reference to the statistical unlikelihood of having a defect).

Achieving six-sigma quality can be an intense experience. The six-sigma standard aims for only 3.4 defects per million processes, whereas 66,000 defects per million is where most firms operate now.

HR methods play a central role in six-sigma programmes. For one thing, training is crucial. A common practice is to start with top managers and train them to be experts. Then the firm trains its other employees. In addition, 'performance needs to be measured and reviewed against goals, achievement recognized and celebrated and rewards and compensation linked to employee participation and progress'. These are all HR processes.

5. Technological innovations

Developments in the field of information technology, telecommunications, biotechnology, laser-based applications, etc. provide opportunities to organizations as well as bring problems for them. From an HR perspective, it is possible to identify three distinct types of challenges that arise from technological innovations:

(i) **Direct effects:** The direct effect includes the way in which the HR function goes about its business. Technological innovations have led to the following developments:
- Use of e-mail and Internet as tools for communication
- Use of the Internet as a major source for recruitment
- Development of web-based approaches to training and learning
- Application of computer technologies for tasks such as Human Resource Planning (HRP) and pay-roll administration

(ii) **Effect on organization change:** Technology brings change more generally to an organization in terms of its structure, job duties, work allocation and culture. A technological change thus drives an organization to change, different HR functions. In some situations, technology can drive a radical change in a short space of time, changing forever long-established ways of carrying out an organization's core functions.

(iii) **Managing highly skilled employees:** Another way in which technological developments affect HRM activity relates to the need to find new ways of managing staff who are employed in research and development (R&D) functions. It has been convincingly argued that the nature of this work is fundamentally different in key respects from that performed by others in an organization and hence, established management practices are often inappropriate.

6. Re-engineering

Re-engineering is a technique which redesigns business practices and processes. It is the basic rethinking and radical redesign to achieve significant improvements in cost, quality and speed. A business process refers is the collection of activities involving one or more types of input in order to produce a quality product.

In re-engineering, human resource issues are important. In this technique, managers have to create an organizational environment that favours accepting change and not resisting it. For this, an effective leadership and efficient communication system are required. In order to make re-engineering an effective technique, changes in job analysis, selection, training, performance management, career planning, compensation and labour relations are needed.

HR management and business process re-engineering (BPR)

In the recent past, companies have sought to increase organizational productivity through radical changes by means of Business Process Re-engineering (BPR). BPR is about taking a hard look at why the organization does the things the way it does. It involves fundamental rethinking. It requires that the firm gets out of its institutionalized or rigid thinking and do rethinking. It includes all those actions that lead to results in terms of customer satisfaction.

Michael Hanner and James Champy define business process re-engineering as 'the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed'. One of BPR's basic assumptions is that the traditional way of organizing departments and processes around specialized tasks is inherently wasteful and unresponsive to the firm's customers. In re-engineering a firm's process, the basic questions are 'why do we do what we do?' and 'why do we do it the way we do'?

The re-engineering process substitutes several generalists for all the separate task specialists, and lets one generalist do all the tasks for a request, rather than having the process carried out like a relay race.

The important features of the BPR process are as follows:

- Several jobs are combined into one, so an assembly-line process is replaced by generalists (or teams) who carry out all the tasks themselves.
- Workers make more decisions.
- Re-engineering reduces checks and controls and there is an emphasis on selecting and training competent generalists.
- Re-engineered processes tend to take a 'case manager' approach to dealing with customers: each customer ends up with a single point of contact when checking on the status of a request.

HR's role in BPR

HR plays a crucial role in implementing re-engineering efforts. Here are some aspects of that role.

(i) **Building commitment:** The key to re-engineering is winning people's commitment to the organizational changes and to what those changes mean. HR can play a big role here by hiring competent employees, by providing the right incentives and by installing effective two-way communication practices.

(ii) **Building teams:** BPR generally means switching from functional departments to process-oriented teams. HR plays a role in making such teams more effective, by hiring, for example, carefully selected 'team players' and providing the required training.

(iii) **Redesigning compensation:** Re-engineering also has significant compensation implications. The job's know-how and problem-solving requirements will raise significantly thereby necessitating higher pay to employees.

(iv) **Redesigning the work itself:** With re-engineering, jobs generally change from specialized tasks to multitask. Each worker becomes responsible for a broader, more enriched job. The employee must share joint responsibility with team members for performing the whole process, not just a small piece of it. Each worker needs to be capable of using a wide range of skills.

The BPR approach is considered to be more radical, fundamental and dramatic. Though BPR and TQM serve the same purpose, the distinction gained ground because many organizations had accumulated so much rust and were so confused in their orientation that a radical shift was perceived to be essential prior to any gradual change. It is evident that the objectives and focuses of BPR and TQM are the same, i.e., providing the customer the appropriate service.

(v) **Moving from controlled to empowered jobs:** Selecting and training employees for re-engineered jobs is a special challenge. 'Re-engineered' employees are empowered to perform a broad set of tasks with relatively little supervision. This means that in selecting employees, values play a bigger role.

(vi) **Flexible work arrangements:** Organizational renewal does not always require a massive transformation. At many companies, a change as simple as flexible hours can sometimes provide a good start.

7. Changes in work arrangements

Flexi time

Flexi time is a plan whereby employees determine their own starting and stopping hours within limits fixed by the employer. For example, the traditional workday may be 9 a.m. to 5 p.m. The employees may opt to work from 7 a.m. to 3 p.m. or 11 a.m. to 7 p.m.

Conditions for success: Several things can make a flexi time programme more successful, such as:

- Management resistance, particularly at the supervisory level, has torpedoed several programmes before they become operational, so we need to convince the supervisors about its success.
- Flexi time is usually more successful with clerical, professional and managerial jobs and less so with factory jobs where the nature of work demands interdependence among workers.
- The greater the flexibility of a flexi time programme, the greater the benefits of the programme.
- The way you install the programme is important; the fears and misunderstandings of supervisors and employees have to be cleared up.

Compressed workweeks

Many employees do not find the conventional five/six day workweek or 40 hour workweek suitable to accommodate their lifestyle. The compressed workweek refers to an arrangement of working schedule that allows workers to fulfil their job obligation in fewer days and not the typical five or six-day workweek. A common compressed workweek is four 10 hour days.

The advantages of a compressed workweek are as follows:

- Working under this arrangement, employees have reported greater job satisfaction.

- The compressed workweek offers the potential for better use of leisure time for family life, personal business and recreation.
- Employers in some instances have cited advantages such as increased productivity and reduced turnover and absenteeism.

The disadvantages of a compressed workweek are as follows:

- Employee fatigue problems have been encountered.
- A compressed week may result in lower product quality and reduced customer services due to employee fatigue.

Nevertheless, it is apparent that a number of organizations feel the advantages of compressed workweeks outweigh the disadvantages.

Job sharing

In job sharing, two part-time workers agree to split and share a job in some agreed manner. They are paid on the basis of their contributions. This system is favoured by such workers who like to work for fewer hours than the usual 40 hours a week. Sharing jobs has potential benefits that include broader range of skills the partners bring to the job. For job sharing to work, however, the partners must be compatible, have good communication skills, and have a bond of trust with their manager. Job sharing normally occurs below executive ranks. However, this is not always the case.

Flexible compensation (cafeteria compensation)

Flexible compensation plans permit employees to choose from among many alternatives in deciding how their financial compensation will be allocated. Employees are given considerable latitude in determining how much they will take in the form of salary, life insurance, pension contributions and other benefits. Cafeteria plans allow an employee the flexibility in determining the compensation package in accordance with his or her specific needs.

The rationale behind cafeteria plans is that employees have individual needs and preferences. A 50-year-old woman may not need maternity benefits in a medical insurance plan but a 22-year-old married woman may need maternity benefits included in a medical insurance plan.

From the Indian context, the existing information regarding employee satisfaction with flexible compensation plan is limited. However, looking at its success in developed countries like USA, UK and other West European countries, we can safely conclude that flexible compensation will lead to overall job satisfaction, pay satisfaction and reduced absenteeism and turnover.

Telecommuting

Telecommuting refers to a work arrangement in which employees, popularly known as teleworkers or telecommuters, are allowed to work from home or any other place of their liking. Such workers are connected to their offices through computers or other electronic devices. Modern communications and data processing technologies permit people to work just from anywhere they want.

Telecommuters generally are information workers. They accomplish jobs that require, for example, analysis, research, writing, budgeting, data entry or computer programming.

The advantages of telecommuting are as follows:

- Telecommuting eliminates the need for office space.
- Commuting from home to office is not a factor for teleworkers. Therefore, they need not live close to their workplace.
- Firms may hire the best available employees located anywhere.
- Labour market is broadened through the increased ability to utilize young mothers who would otherwise not be interested to work.

The disadvantages of telecommuting are as follows:

- Ties between employees and their firms may be weakened.
- There is no personal contact between employees and their supervisors.
- Telecommuting employees may be paid less because employers often view working at home as a benefit.

Modified retirement

Modified retirement is a system in which older employees are allowed to work fewer than their regular hours for certain period preceding their retirement. The purpose of this system is to prepare an employee for the post-retirement life, which is characterized by sudden change in lifestyle.

8. Growing amount of legislations

Another major trend with which the human resource management has had to contend in recent years is the growth in the amount of legislations covering employment matters. Simonds and Porter write in *Exploring HRM*: 'Gone are the days in which there was statutory regulation of the employment relationship. An individual's terms and conditions of employment were those that were stated in the contract of employment and in any collective agreement. The law did not intervene beyond providing some basic health and safety protections. The situation today has completely changed. The individual contract of employment remains significant and can be enforced in a court, if necessary.' In India, the important statutes are as follows:

- Child Labour (Prohibition and Regulation) Act, 1986
- Maternity Benefit Act, 1961
- Minimum Wages Act, 1948
- Equal Remuneration Act, 1976
- Payment of Bonus Act, 1965
- Payment of Gratuity Act, 1972
- Environment Protection Act, 1986

The extent to which HR practitioners and managers generally should welcome the growth in regulations remains a matter of debate. Many HR practitioners while accepting the laudable motives behind the enactment of labour legislations see that they result in increasing the costs associated with employing people while decreasing the flexibility organizations enjoy in the running of their businesses. This results in a reluctance to create jobs in the first place and a tendency, especially in the global context, of moving the organization operations to less regulated countries. Therefore, a regulation provides more social justice, but does so at a price—namely higher unemployment than would otherwise be the case.

9. Human resource outsourcing

One of the most significant forces affecting HRM has been the outsourcing of human resource functions. Human resource outsourcing is commonly understood as the permanent contracting out of activities that were previously performed in-house.

Outsourcing has been pursued for several operational reasons as well, such as for greater efficiency or better service in the performance of functions. It also has been seen as a vehicle for cutting costs. In addition, it has been used to obtain specialized expertise that is not available in-house. In recent years, downsizing has often reduced the number of human resource specialists in human resource departments. This reduction in staff has required organizations to go to outside vendors to obtain specialized services, such as test validation or in-depth assessments for leadership development.

A big boom in HR outsourcing is being predicted. Today, a number of vendors are available to cater to various needs of different markets and to provide various HR services, such as staffing, payroll benefits, administration, training, employee relations and compensation.

Reasons for HR outsourcing

HR outsourcing is required due to the following factors:

- It is a viable option, if a company does not have internal expertise and confidentiality and needs an unbiased opinion on human assets.
- It is also becoming important as most companies lack the time or the expertise to deal with new circumstances.
- It helps employees in becoming free from routine transactional HR works.
- It provides more efficient and cost-effective HR services than in-house departments due to its technological advantages and economies of scale.

Types of HR outsourcing

HR outsourcing can be done in the following ways:

(i) **Professional Employer Organization (PEO):** A PEO takes full legal responsibility of the personnel administration of its client (company), becoming a co-employer of the company's workers. It has the final say in hiring, firing and the amount of money employees make. It not only handles all the HR aspects of the business, but also takes care of all other aspects of the company.

(ii) **Business Process Outsourcing (BPO):** BPO refers to outsourcing in each area of business. It puts in a new technology or applies the existing technology in a new way so that a process is improved. It provides the latest technology to the company's HR system, such as self-access technology and HR data warehousing technology.

(iii) **Application Service Provider (ASP):** The function of an ASP is to make available host software on the Web and hire it to users. Some ASPs are well known packaged applications, whereas others are tailored HR software developed by the dealer. These software programs are able to manage payroll, benefits, etc.

(iv) **E-services:** E-services mean Web-based HR services.

Benefits of HR outsourcing

The two major advantages of HR outsourcing are in terms of cost and the time factor. The other advantages of HR outsourcing are as follows:

- Freedom to internal HR staff from focusing on strategic activities
- Creation of decentralized structures that favour high rates of innovation and flexibility
- Alleviation of the bureaucratic burden of a centralized HR administration
- Help to HR department in its overall corporate downsizing efforts
- Access to new ideas and approaches outside the organization
- Encouragement to innovation
- Improvement in quality
- Focuses on core competencies
- Reduction in administrative costs
- Improvement in customer services

Disadvantages of HR outsourcing

Though HR outsourcing has many advantages, it also has certain limitations, such as:

- Overdependence of companies on supplies
- Possibility of reduction in strength in strategically core competencies
- Involvement of high cost (sometimes)
- Fear of losing control over human assets

On the basis of the foregoing discussion, it can be concluded that outsourcing as a business activity involves both risks as well as benefits. Thus, a company needs to assess the pros and cons of outsourcing before it decides to outsource specific HR functions.

What to outsource and when to outsource?

The decisions to outsource a service and its timing vary from organization to organization. However, before deciding what and when to outsource a company should keep the following factors (as identified by Adler) into consideration:

(i) **Dependency risk:** If a company has to adapt its operations to that of a supplier in order to do business with that supplier, it might soon find itself dependent on that vendor. According to Adler, there is a rise in dependency risks if the activity to be outsourced needs the co-location of facilities, specialized equipment, dedicated capacity or specialized training.

(ii) **Spill-over risks:** If a company enters into a contract with a supplier, there is possibility of the leakage of its confidential information to its competitors. According to Adler, 'spill-over risks aggravate further if the interface between the outsourced activity and other internal functions is complex, since it requires a company to divulge proprietary information for ensuring a good fit between the two.'

(iii) **Trust:** According to Adler, 'to protect itself from dependency and spill-over risks, a company may confide in detailed legal contracts with vendors. However, such documents are time-consuming and expensive to negotiate. Further, its execution is uncertain and costly. All this discourages outsourcing.'

(iv) **Relative proficiency:** According to Adler, 'outsourcers can take advantage of economies of scale and scope by aggregating the needs of several clients. Thus, a company should analyse its proficiency relative to that of vendors on a case-by-case basis.'

(v) **Strategic capabilities:** A company, according to Adler, should not outsource any such activity in which it has strategic competitive advantage. Companies should weigh each factor accordingly to take any decision regarding outsourcing.

Typical HR functions that organizations outsource

Outsourcing has become progressively more attractive for many enterprises. In such relationships, a company contracts with a dealer that rents its skills, information, know-how, service and human assets for an agreed-upon price and period, carrying out functions the customer no longer wants to do. When you outsource HR functions, an organization can pick and choose from the service offered. These services are as follows:

- **Administration of payroll:** It involves the production of cheques, handling of taxes and dealing with sick time and vacation time.
- **Administration of employee benefits:** It involves issues like health, medical plans, canteen facilities, etc.
- **Management HR:** It involves the recruitment, hiring and firing of employees. It also involves conducting interviews, exit interviews, wage reviews, etc.
- **Management of risk management:** It deals with compensation of workers, resolution of disputes, inspection of safety measures, formulation of office policies and handbooks.

HR outsourcing and the Indian scenario

As far as outsourcing of HR activities is concerned, Indian companies are not lagging behind developed countries. Many companies in the country have outsourced their HR functions. For example, LG Soft India has outsourced its PF management; Escosoft has outsourced payroll processing, execution of training programmes and survey conduction; and so on. Depending on the need, outsourcing can be of a transactional or consulting nature. In India, transactional outsourcing is practised more. Both large-sized companies and medium-sized companies have started outsourcing their HR activities, such as salary and benefits processing, benefits administration and compensation benchmarking.

India as an HR outsourcing destination

HR outsourcing has a promising future in India. India offers a large HR outsourcing business opportunity and is expected to emerge as a major player in this market in the days to come. Though there are hardly five- to-six names in the HR outsourcing market in India, they are striving hard to harness the high potential HR outsourcing services in the country. HR services providers are not only dealing with the tactical and straightforward handling of payroll and benefits but they are also gradually moving to the strategic world of BPO. They are helping HR managers to get rid of the routine jobs. Due to the involvement of HR services providers, employee services in the country are improving fast. India has several intrinsic advantages, such as low cost, ready pool of English speaking manpower and geographic positioning. As a result, it is emerging as a vital destination for global HR outsourcing companies to set up their businesses in the country.

Is the HR outsourcing market still unexploited in India?

Though India has made the quantum leap in HR outsourcing activities, many experts in the field feel that these activities are largely unexploited in the country. There are several factors that are forcing companies not to go for HR outsourcing. Confidentiality and cost factors are the major hampering factors. Most companies outsource just a part of their requirements due to these two factors. The basic cultural mindset and the acceptance at the psychological are the two other factors that have hindered the growth of the HR outsourcing market. An in-house person is able to handle certain situation better than an outsourcing agency, e.g., formulating employee incentive programmes, taking care of recognition of employees, etc. Employees often want someone in-house to be involved in resolving their work-related problems or disputes. All this necessitates the creation of an in-house HR team to interact with the employees on a regular basis.

CHECK YOUR PROGRESS

4. Name the functional areas of human resource management.
5. What are the two types of psychological contracts?
6. What comes under the purview of human resource management?
7. What roles does an HR manager play?
8. What does telecommuting refer to?
9. What is modified retirement?
10. What do you understand by the term 'flexi time'?

1.4 FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

The functions of an HR manager are very comprehensive and varied. They are determined and influenced by factors such as size, nature and location of the business or industry. The Human Resource manager has been playing a variety of roles. In the modern era, he typically performs the roles of a counsellor, a mediator, a problem solver and a change agent. According to Dale Yoder and Robert Nelson, the human resource manager's functions can be categorized into the following seven types:

(i) **Departmental administration:** It involves planning, policy decision and general administration.

(ii) **Employment of workers:** It includes recruitment, selection and placement of workers; job analysis, job description and performance appraisal.

(iii) **Training and induction:** It includes induction training and in service training.

(iv) **Wage and salary administration:** It includes wage payments, job evaluation, job analysis surveys, etc.

(v) **Benefits and services administration:** It includes the administration of various benefit schemes for employees like insurance, medical facilities, retirement benefits, etc.

(vi) **Collective bargaining:** It includes labour bargains with management to obtain its due share.

(vii) **Human resource research:** It includes preparation of plans and their implementation.

All activities connected with employees of an organization and all decisions related to the human relations come within the functional areas of human resource Management. It has now been fully recognized that the basic role of the Human Resource manager is 'the management of manpower resources'. He undertakes all

NOTES

those functions which are concerned with 'human element'. The role of human resource manager is ever expanding. As Chatterjee puts it:

> The human resource man first appeared as a low powered functionary who was no better than a files clerk or record keeper concerned with the payment of the dues of the worker ...Then came the next stage when he administered the welfare schemes which were being gradually provided for in the statutes. As the workers were organizing themselves into strong unions and industrial conflicts were multiplying the employer used the human resource man as a kind of troubleshooter or fire-fighting—either to advice him on how to find loopholes in labour laws ..... or to come to a settlement where concessions were inexpiable....Gradually his work was realized as more of the nature of staff function rather than line function; and that he was an expert rather than a controller or manager of men.

1.4.1 Operative and Managerial Functions of HRM

Human resource management involves two categories of functions: (i) operative functions and (ii) managerial functions.

Operative functions

The operative functions of HRM essentially belong to activities concerned with procuring, developing compensating, utilizing and maintaining an efficient workforce.

(i) **Procurement:** Procuring means recruiting the required number of employees with due qualifications and experience keeping in view the importance of achieving the objectives set before the organization. It is mainly concerned with hiring the right people, in the right place, at the right time. It includes activities like manpower planning, selection and placement.

(ii) **Development:** Development means the activities meant to increase the efficiency and skills of the workers through training and education. It includes activities like training, seminars, group discussions, education, etc.

(iii) **Compensating:** It includes the activities which deal with the method and standard of remuneration and terms of employment.

(iv) **Utilizing:** Utilizing means using the services of the employees to the best possible extent. It includes incentive schemes and the schemes for sharing the profits from higher productivity.

(v) **Maintaining:** It aims at maintaining good working conditions for the employees. It includes preparation and implementation of health schemes, safety systems, etc.

Managerial functions

The managerial functions of HRM include planning, organizing, coordinating, directing, motivating and controlling. These functions are common to all managers and therefore known as managerial functions. In other words, they are performed by all types of managers including human resource managers.

Let us briefly discuss these six functions:

(i) **Planning:** When management is reviewed as a process, planning is the first function performed by a manager. The work of a human resource manager begins with developing a human resource programme. This is done through planning. A plan is a predetermined course of action to accomplish the set objectives. It specifies what and how operative human resource functions are to be performed.

(ii) **Organizing:** While planning decides what management wants to do, organizing provides an effective machine for achieving the plans. Organizing calls for grouping of human resource activities and assigning different activities to different individuals.

(iii) **Coordinating:** Coordination is concerned with harmonious and unified action directed towards a common objective. It ensures that all groups and persons work efficiently, economically and in harmony. The person-to-person communication is the most effective tool for coordination.

(iv) **Directing:** Direction involves managing managers, managing workers and the work through the means of motivation, proper leadership, effective communication as well as coordination. A human resource manager must develop the ability to command and direct others.

(v) **Motivating:** Motivation is a managerial function to inspire and encourage people to take required action. Motivation involves guiding and supervising the human resource. It is the key to successful management of any enterprise. Motivation can set into motion a person to carry out certain activity. A human resource manager must inculcate in the workers a keen appreciation for the organization's policies. He must guide employees towards improved perform-ance and motivate them to work with zeal and confidence.

(vi) **Controlling:** Control is the process of measuring actual results with some standard of performance, finding the reason for deviations of actual results from desired results and taking corrective action when necessary. Thus, controlling enables the realization of plans.

The significance of these two varieties of functions is that one function cannot work without the other. The human resource manager has to blend the two to the desirable extent.

CHECK YOUR PROGRESS

11. What are two different categories of HRM function?
12. What do managerial functions of HRM include?

1.5 PERSONNEL MANAGEMENT AND HRM

The following are the similarities between personnel management (PM) and HRM:

- Both models emphasize on the importance of integrating personnel/HRM practices with organizational goals.
- Both models vest personnel/HRM firmly in line management.
- Both models emphasize the importance of individuals, developing their abilities for their own personal satisfaction to make their best contribution to organizational success.
- Both models aim at placing the right people into the right jobs as an important means of integrating personnel/HRM practice with organizational goals.

The following are the differences between PM and HRM:

- Many statements about personnel management seem to see it as a management activity which is largely aimed at non-managers. PM appears to be something performed on subordinates by managers rather than something that the latter experience themselves. It appears to be nothing more than a set of rules and procedures that may even constrain their freedom in managing their subordinates as they think fit. On the other hand, HRM dose not merely emphasize the importance of employee development, but it focuses particularly on development of the management team.

- While both personnel management and HRM highlight the role of line management, their focus is different. In the personnel management model, line's role is very much an expression of the view that all managers manage people, so all managers in a sense carry out personnel management. It also recognize the fact that most specialist personnel work still has to be implemented within line management's departments where the workforce is physically located. In the HRM models, HRM is vested in line management as business managers are responsible for coordinating and directing all resources in the business unit in pursuit of bottom-line results. Not only does the bottom-line appear to be specified more precisely in HRM models than in the personnel management models HRM models put much emphasis on quality of product or service, but a clear relationship is drawn between the achievement of these results and the line's appropriate and proactive use of the human resources in the business unit. Personnel policies are not passively integrated with business strategy but are an integral part of strategy in the sense that they underlie and facilitate the pursuit of a desired strategy.
- Most HRM models emphasize the management of the organization's culture as the main activity for senior management. Although the organizational development (OD) models of the 1970s proclaimed similar messages, these were not fully integrated with the normative personnel management models of this period. OD was always seen as a bit different from mainstream personnel management and, in fact, was generally kept separate in a formal institutional sense with separate OD consultants, not always with a background in or located within the personnel department. Above all, it was often presented as a fringe activity, an initiative that was nice to have but to be dispensed with at the first hint of financial cutbacks.

Table 1.1 *Differences between HRM and Personnel Management*

HRM	***Personnel Management***
1. It is flexible.	It is bureaucratic.
2. It believes in bottom up approach.	It believes in top down approach.
3. Its organizational structure is organic.	Its organizational structure is mechanistic.
4. It is people oriented.	It is task oriented.
5. It sees long- term prospective.	It sees short term prospective.
6. It believes in facts and identified solution.	It believes only in number.

CHECK YOUR PROGRESS

13. State any two similarities between personnel management (PM) and HRM.
14. Highlight any two differences between personnel management (PM) and HRM.

1.6 IMPORTANCE OF HRM

Human resources, along with financial and material resources contribute to the production of goods and services in an organization. Physical and monetary resources, by themselves, cannot improve efficiency or contribute to an increased rate of return on investment. It is through the combined and concerted efforts of people that monetary and material resources are harnessed to achieve organizational goals. But these efforts, attitudes and skills have to be sharpened from time to time to optimize the effectiveness of human resources and to enable them to meet greater challenges. This is where human resource management plays a crucial role. The significance of human resource management can be discussed at four levels:

- Corporate level
- Professional level
- Social level
- National level

1. Corporate level

Good human resource practices attract and retain the best people in the organization. Human resource planning gives the company an idea about the types of people it will need in the short, medium and long run. Human Resource Management helps an enterprise in achieving its goals more efficiently and effectively by:

- Attracting and retaining talent through effective and efficient human resource planning, which includes recruitment, selection, compensation and promotion policies
- Developing the essential skills and right attitudes among the employees through training
- Securing the cooperation of employees through motivation
- Utilizing effectively the available human assets

2. Professional level

The effective management of human assets brings improvement in the quality of work life. It adds to professional growth by:

- Providing maximum opportunities of personal development to each employee
- Allocating work properly and scientifically
- Maintaining healthy relationships between individuals and groups in the organization

3. Social level

Sound Human Resource Management policy is of great social significance. It helps society, as a whole by:

- Multiplying employment opportunities
- Putting scarce talents are to best use
- Maintaining a balance between the jobs available and job-seekers in terms of numbers, qualifications, needs and aptitudes
- Providing suitable employments to people, giving them social and psychological satisfactions

4. National level

In the development of a nation, human resources and their management play an important role. There are differences in the level of development among the countries with similar resources. This is primarily due to differences in the quality of their people. Effective management of human assets speeds up the process of economic prosperity, which, in turn, results in higher standards of living and fuller employment.

CHECK YOUR PROGRESS

15. How does effective management of human resources help in professional growth of employees?
16. What is the social significance of a sound HRM policy?

1.7 EVOLUTION AND DEVELOPMENT OF HRM

Human resource management has evolved due to enlightened employers trying hard, over the years, to improve the lot of their workers. According to Kautilya, a systematic management of human assets also existed in the fourth century BC. Moses originated the principle of division of labour in 400 BC. The Babylonians had a code for incentive wage plans in 1800 BC. Thus, Human Resource Management in some form or the other has been practised in various parts of the world since the dawn of civilization. With the onset of the Industrial Revolution, the position underwent a radical change.

Industrial Revolution refers to changes that occurred in England during 1760–1850. It brought about far reaching changes in the economic life of people. Numerous inventions took place during that period which changed the entire system of production and distribution. The use of machines involved a change in the methods of industrial organization and brought about a change from the domestic system to the factory system of production involving a large scale and complex division of labour. The discovery of steam as an important source of power helped to increase the production many times over. The use of machines necessitated large amount of capital, which led to concentration of economic power and growth of large enterprises.

It is against this background that we trace the origin of modern human resource management. Figure 1.2 mentions the various stages in the evolution of human resource management.

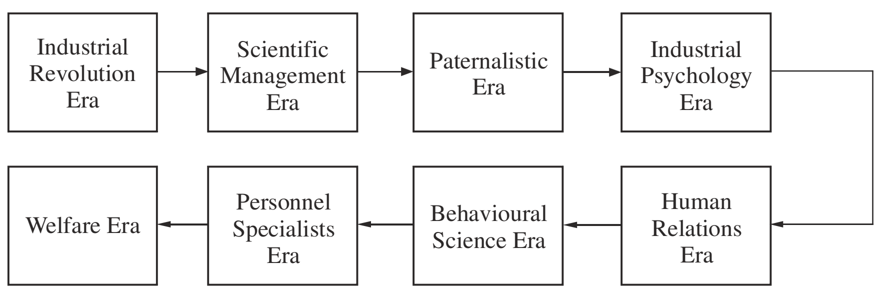

Fig. 1.2 *Stages in the Evolution of Human Resource Management*

Let us discuss these eras of HRM evolution.

1. Industrial Revolution era

The Industrial Revolution consisted essentially of the development of machinery. This brought about mass production of goods. Large-scale production brought about increased output and the accumulation of capital. Business and commerce were greatly accelerated and the owners of businesses and entrepreneurs did well. But labour fared poorly and was considered a commodity to be bought and sold.

But the consequence of grouping workers into shops and factories, and of the specialization of labour, was a gradual emergence of more systematic attention to the design of jobs, to the choice of workers for those jobs (selection), to the provision of pay and benefits (compensation) and to the welfare of employees both on and off the job. In the late 1800s when unions were battling for recognition and violent strikes become a significant concern, these developments in management practices accelerated. By the early 1900s, the foundation of several features of modern human resource management had been laid.

2. Scientific management era

The scientific management of the late 1800s and early 1900s concentrated particularly on job design, selection and compensation. The name most closely associated with this movement is Fredrick W Taylor who worked in the steel industry in the late 1870s. Taylor believed in the same techniques used by scientist in the laboratory—experimentation, forming and testing hypotheses and proposing theories based on research and testing—could be used by management to increase efficiency in the workplace.

The scientific management movement owes its origin to Frederick W Taylor, the father of scientific management. He was the first to recognize and emphasize the need for adopting a scientific approach to the task of managing an enterprise. He started his experiments in the steel industry in the Midvale and Bethelem plants. He tried to diagnose the causes of low efficiency in industry and came to the conclusion that much of the waste and inefficiency was due to the lack of order and system in the methods of management. He, therefore, suggested that those responsible for management should adopt a scientific approach in their work, and make use of 'scientific methods' for achieving higher efficiency. Taylor advocated a thorough planning of the job by management and emphasized the necessity of perfect understanding and cooperation between the management and the workers both for the enlargement of profits and the use of scientific investigation and knowledge in industrial work. He summed up his approach in these words:

> 'Science, not rule of thumb.
> Harmony not discord.
> Cooperation not individualism.
> Maximum output, in place of restricted output.
> The development of each man to his greatest efficiency and prosperity.'

According to Taylor, 'Planning should be the result of cooperation between the management and workers and that a provision should exist for compensating the Human resource with financial incentives'. The ideas of Taylor led to a separate discipline called 'human engineering'.

Contributions of scientific management

The chief contributions of scientific management are as follows:

- Emphasis on rational thinking on the part of management
- Focus on the need for better methods of industrial work through systematic study and research
- Emphasis on planning and control of production
- Development of cost accounting
- Development of incentive plans of wage payment based on systematic study of work
- Focus on the problem of fatigue and rest in industrial work
- Focus on the need for a separate Human resource department

But after thirty years, this approach began to lose its popularity. Many management thinkers were tempted to modify the views of Taylor. The most important among them are Henry Gantt, Frank and Lilian Gilbreth. They made scientific management more humanized and meaningful to followers of Taylor. Henry Gantt propounded the 'Gantt Chart and the Task and Bonus Wage System'. Frank Gilbreth formulated the 'Laws of Efficient Motion'. His wife, Lilian Gilbreth, is credited with applying the principles of psychology in the scientific management of human assets.

3. Paternalistic era

Robert Owen, a British industrialist, is considered to be a great scholar of management thought. He was the manager of different cotton textile mills between 1800 and 1828. He brought many social changes and was the first person who gave due emphasis to labour welfare. Robert Owen, the father of Human Resource Management, emphasized and developed the spirit of cooperation between employees and employers. He advocated that the investment in developing human resources was much more profitable than in machinery and equipment. He worked for the betterment of workers and tried to improve their working conditions.

Robert Owen adopted a paternalistic attitude towards his employees. He considered the workers as children who should necessarily be directed, trained and protected with caution. He, therefore, improved the conditions of employees by removing them from adverse environmental conditions and provided them with satisfactory working and living conditions. He advised other manufacturers to devote more attention to workers, in order to increase productivity because the workers, according to Owen, are the vital machines. The views of Robert Owen were strongly supported by Charles Babbage. According to Babbage:

> the emphasis should be on multiplicity of interests between employers and workers and on the division of labour, for such division of labour would reduce the waste in raw materials, achieve savings through more effective placement of workers, produce economies through a different wage scale based on skill level, save time by not switching form task to task, gain efficiencies stemming from familiarization with special tools and stimulate workers inventions pertaining to tools and methods.

4. Industrial psychology era

Applications of psychology to business and industry (industrial psychology) began to emerge in the 1890s and 1900s as psychologists studied selling techniques and ways of testing job candidates. The most notable industrial psychologist was Hugo Munsterberg, whose major contributions were:

- The analysis of jobs in terms of their physical, mental and emotional requirements
- The development of testing devices for selecting workers.
- In the industrial psychology era, greater emphasis was given to individual and group relationships in the work place. The role of psychology and sociology in the understanding of individual and group behaviour in an organization was emphasized. German-American psychologist, Hugo Munsterberg, is regarded as the father of industrial psychology. His contributions to industrial management were particularly notable in the field of emotional requirements of workers. Top management human resource began to realize that 'human resources are the most valuable assets that any organization possesses and that without these, other resources are useless'.

5. Human relations era

What came to be called the human relations' movement has been a major influence on modern Human Resource Management. This movement is characterized by its focus on group behaviour and workers' feelings as they relate to productivity and morale. Experiments were conducted by Elton Mayo and Co. of the Harvard Graduate School of Business Administration at the Hawthorne plant of the Western Electric Company. The important features of the Hawthorne experiment are as follows:

- A business organization is primarily a social system. It is not just a techno-economic system.
- An employee can be motivated by psychological and social wants because his behaviour is also influenced by feelings, emotions and attitudes. Thus, economic incentives are not the only method to motivate people.
- Management should not just depend on command; it should develop cooperative attitudes.
- Participation becomes an important instrument in human relations' movement. In order to achieve participation, an effective two-way communication network is essential.
- Productivity is linked with employee satisfaction in business organizations. Therefore, management must take greater interest in employee satisfaction.
- Group psychology plays an important role in any business organization. We must therefore rely more on informal group effort.
- The industrial psychological era emphasizes that man is a living machine and he is far more important than the inanimate machine. Hence, the key to higher productivity lies in employee morale. High morale results in higher output.

The Hawthorne researchers began some experiments to determine how lighting affected workers and their output. In one experiment, production increased when the lighting was improved, but in another experiment, it also increased when the lighting was severely reduced. After three years of experimentation with such 'illogical' results, the researchers concluded that, in experiments involving people, it was impossible to change one variable (lighting) without affecting other variables, such as worker interaction or worker-supervisor interaction. It became clear that it was human interaction that was affecting morale and motivation, which, in turn, were affecting production.

The findings of the Hawthorne Experiment put emphasis on the importance of understanding the needs of both the management and the workers. The basic conclusion was that sociological and psychological phenomena often exerted even greater influences on output than the physical conditions of work. Therefore, management must be mainly concerned with the informal and spontaneous behaviour of work groups and the sentiments and attitudes of employees.

6. Behavioural science era

On the basis of further enquiries and experiments, it was concluded that employees' team spirit and cooperative attitude had a great bearing on the productivity. There were several factors which determined the cooperation and enthusiasm of workers, such as supervisors' and experimenters' positive attitude towards workers, the avoidance of force and coercion against workers and the workers' participation in decision-making in areas affecting them.

Human relationists made very significant contribution to management thought by bringing into limelight human and social factors in organization. The behavioural science movement was a by-product of the human relations studies. The behavioural science era extensively used data obtained from experiments, observations and surveys done in the various fields, such as sociology, anthropology and psychology. The important theories formulated in the behavioural science era are the need Hierarchy Theory and the McGregor's Theory X and Theory Y.

(i) Maslow's need hierarchy theory or deficit theory of motivation

According to Abraham Maslow, who propounded the need hierarchy theory, 'There is a series of needs some of which are lower in the scale or system of values, in individual or social context and some are higher. Higher needs cannot be satisfied or even felt if the lower needs remain unsatisfied. A satisfied need is not a motivator'.

The features of his theory are as follows:

- People have a variety of needs, which work as a strong motivation for them.
- There are five types of human needs: physical needs, safety or security needs, affiliation or social needs, esteem needs and self-actualization needs.
- It is not impossible to arrange human requirements into a hierarchy. In this hierarchy, the needs that are physical in nature occupy the base. Self-actualization needs, on the other hand, occupy the top.
- It is observed that people first satisfy their physical needs. When these needs are satisfied, they strive for the next higher level of needs.
- In order to realize the higher level of needs, it is essential that the lower level needs are satisfied.
- People are not motivated by the satisfaction of a need; a satisfied need only generates the desire to fulfil the next higher level of needs.

(ii) Herzberg's two factors theory of motivation

Herzberg propounded the two-factor theory of motivation. According to this theory, motivation and dissatisfaction of workers are the results of two separate sets of conditions. Satisfiers or motivational factors have a direct bearing on the job content itself. Motivational factors include achievement, recognition, the work itself, advancement, etc. The dissatisfiers, maintenance and hygiene factors do not provide motivation. They avoid unpleasantness and are necessary to maintain current status of satisfaction. Of all the maintenance factors identified by Herzberg, significant ones include the interpersonal relationship among the management, supervisors and subordinates; wage and security of job; status in the organization and working conditions.

(iii) McGregor's theory X and theory Y

McGregor propounded two management views with regard to the nature of man. These two views were of contrasting nature and were classified into hard and soft approaches. The hard approach is called McGregor's 'Theory X', while the soft or permissive approach is called McGregor 'Theory Y'.

Theory X

It is the traditional theory of human behaviour. According to McGregor's theory, management is accountable for organizing the elements of productive enterprises, such as money, material, equipment and people, to meet economic ends. Theory X makes certain assumptions about human nature, such as:

- With reference to people, management refers to a process of directing their efforts, motivating them, controlling their actions, modifying their behaviour in order to be in conformity with the needs of the organization.
- If there is no intervention by the management, people are bound to be passive. They can even be resistant or indifferent to organizational needs. Thus, the

management needs to persuade, reward, punish (if necessary) and direct workers.

- The average human being dislikes work and tends to avoid it if he can.
- The average human being is not ambitious, dislikes responsibility and opts to be led.
- The average human being is inherently self-centered, and is not interested in organizational needs.
- The average human being is by nature resistant to change.
- The average human being is innocent.

Theory Y

According to McGregor, theory Y makes the following assumptions:

- Work is as natural as play or rest if the conditions are favourable. It is not true that the average human being inherently dislikes work.
- External control and the threat of punishment are not the only tools for making people work towards organizational objectives. Man can exercise self-control and self-direction to meet the objectives he is committed to.
- The rewards associated with the achievement of objectives bring a sense of commitment among people. People set goals for themselves in the hope of some reward, material or even psychological.
- The average human beings, in favourable circumstances, accept responsibility and even look for it.
- The capacity to exercise a relatively high degree of imagination, ingenuity and creativity to solve organizational problems is universally distributed in the population.

Table 1.2 *Comparison between Theory X and Theory Y*

Theory X	***Theory Y***
1. Theory X assumes human beings to be inherently opposed to work.	1. Theory Y assumes that work is as natural as play or rest.
2. Theory X emphasizes that people do not have ambitions and they shirk responsibility.	2. Theory Y assumes just the reverse.
3. Theory X assumes that people in general have little capacity for creativity.	3. According to Theory Y, the capacity for creativity is widely distributed in the population.
4. While in Theory X, people lack self-motivation and need to be externally controlled and closely supervised in order to get maximum output.	4. According to Theory Y, people are self directed, creative and prefer self-control.
5. Theory X emphasises upon the centralization of authority.	5. Theory Y emphasises decentralization and greater participation in decision making process.

McGregor suggested advocating the carrot and stick approach to motivate people in the workplace.

7. Human resource specialist era and welfare era

With the introduction of the factory system, a large number of persons were employed by an organization. These employees were to be controlled if the goals of that organization were to be achieved. With the increase in the number of employees, a separate human resource specialist had to be appointed. A human resource specialist has the following three responsibilities:

(i) Should assist the line managers so that the optimum efficiency of the workforce is maintained

(ii) Should help management in its efforts to maintain good human relations and labour–management relations; developing a sound and just human resource policies and procedures is also his responsibility.

(iii) Should manage all welfare services meant for employees

Development of Human Resource Management as a Profession

The late nineteenth and twentieth centuries witnessed the emergence of Human Resource Management as a profession. Several kinds of human resource specialists, in addition to the social or welfare specialists, were particularly evident shortly after 1960s. Some organizations established departments of labour welfare which would respond to complaints from unions and employees and monitor working conditions and wage policies. Some organizations employed wage clerks to set wage rates based on time and motion studies and analysis of job tasks. Safety specialists became very common in industries. Since industries wanted to reduce claims against themselves, they depended on the safety specialist to help ensure safer working conditions in their organizations.

These specialized human resource activities were grouped into large departments. Thus, the modern Human Resource Management departments were born.

These constitute the main historical roots of the philosophy and practices of human resources in today's business enterprises.

1.7.1 Evolution of HRM in India

The history of the evolution and growth of Human Resource Management in India is not very old. As compared to the developed nations, the Human Resource Management system developed late in India. The growth of Human Resource Management in India may be divided into the following stages:

Report of the Royal Commission on Labour in India

Human resource management in India dates back to the report of the Royal Commission on Labour in India (1929–31). The Commission made several important recommendations, which included the appointment of labour officers to keep a check on corrupt practices in recruitment of industrial workers.

(i) The jobber should be excluded from the engagement and dismissal of labour and that, instead, a labour officer should be appointed for the purpose.

(ii) The qualities required of the labour officer should be integrity, personality, energy and the ability to understand individuals and he should have a linguistic skill. If he is a right person, the workers will have confidence in him and regard him as their friend.

(iii) All labourers should be engaged by him, and none should be dismissed without consulting him.

(iv) The labour officer should fulfil many duties and should particularly initiate and administer welfare measures.

Appointment of labour officers

Following the recommendation of the royal commission on labour, labour officers were appointed by many industries. Labour officers were entrusted with the responsibility of promoting welfare activities. They functioned as industrial relations officers to handle grievances. The Bombay Mill Owners Association, for example, appointed labour officers to settle grievances and disputes.

World War II

During the World War II, the need for enlisting labour support for the war efforts was considered imperative. This led to the appointment of welfare officers, who were generally entrusted with the handling of welfare and labour administration. They were to deal with working conditions, canteens, ration shops, recreation facilities, medical facilities, housing facilities, etc. The World War II resulted in welfare officers being appointed by the government as well as industries. The function of the welfare officers included welfare activities, human resource activities and industrial relations.

Enactment of the Industrial Disputes Act

The enactment of the Industrial Disputes Act, 1947 made adjudication compulsory. This made the welfare officers handle disputes and adjudication relating to conditions of service, wages, benefits, etc. The welfare officers thus became industrial relations officers. As a result, employers hired welfare officers with a legal background.

Enactment of the Factories Act

Section 49 of the Factories Act, 1948 made it obligatory for factories employing 500 or more workers to appoint welfare officers. A welfare officer had a list of duties laid down for him. He had to perform activities concerned with welfare, human resource administration and industrial relations.

1960 and after

Till 1960, recruitment of labour was not governed by any law. However, the rapid growth of industry and the consequent demand for skilled and semi-skilled workers led to the enactments of the Employment Exchange Act, 1959 to regulate the recruitment of workers and the Apprentice Act, 1961 to regulate the training of workers to some extent.

Thus, later, human resource officers were appointed as 'labour welfare officers' to satisfy statutory requirements. Next, the role of a Human resource officer was converted into that of an 'industrial relations officer'. Today his role is that of a 'human resource manager'. He has to works in three areas of labour: welfare, industrial relations and Human resource administration.

Professionalization of human resource management

Professionals subscribe to certain ethical standards. They are more loyal to the profession than to the employer. With the emergence of professional human resource managers, the growth of Human Resource Management has accelerated. Professionals are knowledge and judgement, which the use to make their decision. They are not controlled or directed by their employers. Thus, professionalization makes a business enterprise more efficient, dynamic and socially responsible. The growth of Human Resource Management education in India has contributed to professionalization of Human Resource Management.

Social responsibilities of business

Employees should be treated as human beings and their cooperation must be achieved for the realization of organizational goals. The business should fulfil the following obligations towards their employees:

(i) **Fair wages:** Business should pay reasonable salaries so that their employee's may lead a good life and satisfy their needs.

(ii) **Adequate benefits:** Employees should be provided benefits like housing, insurance cover, medical facilities and retirement benefits.

(iii) **Good working conditions:** Good working conditions are necessary to maintain the health of the workers.

(iv) **Opportunity for growth:** Business should give the employees opportunity to develop their capabilities through training and education.

(v) **Recognition of worker's rights:** The business should recognize the worker's right to fair wages, to form trade unions, to collective bargaining, etc.

(vi) **Cooperation:** The business must win the cooperation of workers by creating the conditions in which workers are willing to put forward their best efforts towards the common goals of the business. Therefore, business organizations have made a conscious attempt by contributing to the well-being and upliftment of the community in which it is situated.

Change of government attitude

The relationship between the state and the economy has a chequered history since the days of the planner economist Adam Smith. During the time of Adam Smith, the doctrine of Laissez Faire was widely accepted as the guiding principle of economic activity. The state was expected to concern itself only with problems relating to law and order. It scrupulously avoided any interference in the working of private business. Laissez faire was the era of free enterprises. The doctrine of laissez faire was based on the assumption 'that every individual acting as a rational being tries to get the greatest satisfaction from life for himself and in the process contributes towards the greatest possible satisfaction to society'. Thus, the classical economist fondly believed that the principle of non-interference with the economic and business matters led to 'the greatest good of the greatest numbers'.

Prior to Independence, the British government followed a laissez-faire attitude to labour–management relations. But after Independence the national government took upon itself the pledge to establish a welfare state. The government therefore enacted many laws for the benefit of the workers.

1.7.2 Factors Impeding the Growth of HRM in India

The various factors which have impeded the growth and progress of Human Resource Management in India, are as follows:

Late arrival of the factory system

Human Resource Management is conditioned by industrial development. In India, modern industry started with the development of the railways. Even after the progress of industry, Human Resource Management was unheard of. It was the royal commission of labour which recommended in 1931 the appointment of labour officers to deal with the recruitment of labour and to settle their grievances. Thus, the slow growth of Human Resource Management in India can be linked to the late arrival of large-scale industry.

Abundance of cheap labour

In India, the main source of labour supply has been the growth of population. Modern industrial sector in India attracts labour from the agricultural sector. Industrial centres draw on their surrounding rural areas for recruitment of workers. The rapid increase of population, low degree of industrialization and widespread unemployment, both in rural and urban areas, have resulted in an abundant supply of labour to the industries. Since labour is in abundance, good human relations are not necessary in India and there are arbitrary dismissals and layoffs.

Weak labour movement

The Indian working class is generally passive and depends on outside politicians for leadership. This outside leadership has failed to understand the needs of the working class. Instead of awakening social consciousness among the workers, the politicians in fact use the workers to achieve their political ends.

The migratory character of Indian labour leads to unhealthy growth of trade unions. Many workers do not take an active part in the formation of unions and do not like to pay their subscriptions because they do not come to the cities to live permanently.

No trade union will be strong unless it gets legal recognition. The recommendation of the royal commission on labour favoured the recognition to a trade union even if it represented only a handful of employees. It said that 'the fact that unions consist of only a minority of employees is not adequate reason for withholding recognition'. In view of this, the Trade Unions Act, 1926 was amended in 1947.The amendment made it obligatory on the part of the employer to recognize a union under certain conditions. However, the amendment could not be implemented. Thus, the lack of legal recognition to small trade unions hampered the growth of labour movement in India.

Highly authoritarian culture

The Indian society has a highly authoritarian culture. This makes the worker depend on his superiors. Freedom is not a value in India. This culture thus discourages participative style of management and free communication. These two conditions are the bases for ideal human relations, which is lacking in the Indian conditions.

Technological backwardness

Technological environment influences business in terms of investment in technology, consistent application of technology and the effects of technology on markets. The immense technological progress in the West has raised the standard of living of their workers. This is not so with the Indian workers because of their technological backwardness. Technological progress has an important role to play in the economic development of a country. No backward country can hope to march ahead on the road of economic development without adopting newer techniques of production.

Instability in employment

The Indian workers are attracted to the cities by the lure of higher wages but the instability of their employment, chronic housing shortage and high house rents prevent them from settling down in the cities with their families. Thus, an industrial worker would not remain in industry if he could secure sufficient food and clothing in the village. 'It is truly said that industrial workers are pushed, not pulled to the city'.

1.7.3 Evolving Role of HR Man in India

In India, the human resource man has passed through various stages in the past. Perhaps the earliest recognition of the need for such an individual was the institution of the labour officer. The trends today indicate that the Human Resource Management function will have to become more sophisticated to meet the challenges posed to the human resource man. The human resource man has been playing a variety of roles at different stages. A brief view of the historical perspective can provide a better picture of the role of the human resource man in India. However, it has to be stated that the role at different stages has always been set up by the top management. The evolving roles of the human resource man in India are discussed as follows:

The policeman

In the beginning, the labour officer was also visualized as having to perform police functions as a problem between the employers and workers was often viewed as the law and order problem. Thus, the earliest role that the human resource man played was that of a policeman. This was so because the management believed the average employee disliked work, avoided responsibility and therefore needed to be directed, controlled and coerced. A man was needed to discipline and control employees on behalf of the management. The human resource man took over the job. Do's and don'ts were laid down and the human resource man became a watchdog for enforcement of prescribed regulations.

The welfare man

Subsequently, the labour officer's function changed from mere employment function to welfare activities after the enactment of the Factories Act, 1948. The Act created the institution of labour welfare officers making it compulsory for factories with 500 or more workers to employ the prescribed number of welfare officers. Efforts are now afoot to amend and enlarge the duties of the welfare man.

The law man

With the adoption of the ideal of a welfare state, laws and regulations were enacted to define the rights of employees and to limit the employer's prerogatives. Legal knowledge thus became a preferential attribute to the human resource man. He was assigned the task of issuing chargesheets and holding enquiries. He was called upon to assess the legal obligation of the management and to represent the management in the case of industrial disputes.

The liaison man

Industrial relations became important with the advent of the trade unions. Someone was required to deal and negotiate with the union on behalf of the management. The human resource man became a shock absorber. He was given the difficult task of bringing two opposite parties to the negotiating table and acting as a liaison man.

The HR Man

A gradual shift of emphasis from a liaison man to human resource administration has taken place. The functions of a human resource manager include labour welfare, industrial relations and human resource administration. An organization must look forward to the needs of its human resource. It must provide training facilities, motivate employees to put their best effort and do manpower planning and development. Thus, more competent managers are needed for the future.

CHECK YOUR PROGRESS

17. Who propounded the two-factor theory of motivation?
18. Who is called the father of scientific management?
19. What are the three responsibilities of a human resource specialist?
20. How has the abundance of labour impeded the growth of trade movement in India?

1.8 SUMMARY

- Armstrong describes HRM as a strategic approach to the management of people who are considered the most-valued assets of the organization and are working there for the attainment of its goals individually and collectively.
- HRM brings organizations and people together so that the goals of each are met. It is a comprehensive function because it is about managing people in the organization. It covers all types of people in the organization, from workers till the top-level management.
- The terms 'Human Resource Management' (HRM) and 'human resources' (HR) are used synonymously with the term 'Human Resource Management'.
- The scope of Human Resource Management is so wide and varied that the HR department and the Human resource executives typically perform a variety of roles in accordance with the needs of a situation.
- Today, an HR manager is supposed to be a planner and a change agent, and not a protector and a screener.
- The role of the HR department is to prepare human resource at various levels to participate in Kaizen by providing them relevant training.
- In order to make re-engineering an effective technique, changes in job analysis, selection, training, performance management, career planning, compensation and labour relations are needed.
- The managerial functions include planning, organizing, coordinating, directing, motivating and controlling.
- Procedures provide the guidelines for performing an action. They include how each task in the organization should take place, when it should take place and by whom it should to be performed.
- Organizational goals influence the nature of all managerial processes and of Human Resource Management in particular.
- The scientific management movement owes its origin to Frederick W Taylor, the father of scientific management. He was the first to recognize and emphasize the need for adopting a scientific approach to the task of managing an enterprise.
- Robert Owen, the father of Human Resource Management, emphasized and developed the spirit of cooperation between employees and employers. He advocated that the investment in developing human resources was much more profitable than in machinery and equipment.
- Applications of psychology to business and industry (industrial psychology) began to emerge in the 1890s and 1900s as psychologists studied selling techniques and ways of testing job candidates. The most notable industrial psychologist was Hugo Munsterberg.

- Human relationists made very significant contribution to management thought by bringing into limelight human and social factors in organization. The behavioural science movement was a byproduct of the human relations studies. The behavioural science era extensively used data obtained from experiments, observations and surveys done in the various fields, such as sociology, anthropology and psychology.

1.9 KEY TERMS

- **Psychological contract:** It is the depiction of the exchange relationship between the individual employee and the organization.
- **Transactional contract:** It is a type of psychological contract that is linked with an economic exchange between the employer and the employees, and involves specific obligations of both the parties.
- **Relational contract:** It is a type of psychological contract that normally involves interpersonal commitment or attachment to the specific partner and is generally a long-term relationship.
- **Total quality management (TQM):** A set of principles and practices which focuses on recognizing customer needs, doing things correctly the first time and striving for a sustained improvement is called total quality management.
- **Kaizen**: It is a Japanese term which means continuous improvement or improvement over improvement.
- **Re-engineering:** It is a technique which redesigns business practices and processes.
- **Compressed workweek:** It is an arrangement of working schedule that allows workers to fulfil their job obligation in fewer days and not the typical five or six-day workweek.

1.10 ANSWERS TO 'CHECK YOUR PROGRESS'

1. HRM is the process which brings people and organizations together to help them achieve their goals.
2. The primary aim of human resource management is the promotion of effectiveness of the employees along with performance of their allotted duties.
3. The objectives of HR management refer to predetermined goals to which individual or group activity in an organization is directed.
4. The functional areas of human resource management are as follows:
    (a) Employment
    (b) Selection and training
    (c) Employee services
    (d) Wages
    (e) Industrial relations
    (f) Health and safety
    (g) Education
5. The two types of psychological contracts are transactional contract and relational contract.

6. All major activities in the working life of an employee—from the time of his entry into an organization until he leaves the organization—come under the purview of human resource management.
7. An HR manager plays multiple roles, such as a researcher, a counsellor, a bargainer, a mediator, a peacemaker and also a problem solver.
8. Telecommuting refers to a work arrangement in which employees, popularly known as teleworkers or telecommuters, are allowed to work from home or any other place of his liking.
9. Modified retirement is a system in which older employees are allowed to work than their regular hours for certain period preceding their retirement.
10. Flexi time is a plan whereby employees determine their own starting and stopping hours within limits fixed by the employer.
11. Human resource management involves two categories of functions:
    (*i*) operative functions and (*ii*) managerial functions
12. The managerial functions of HRM include planning, organizing, coordinating, directing, motivating and controlling. These functions are common to all managers and, therefore, known as managerial functions.
13. Two similarities between personnel management (PM) and HRM are as follows:
    - Both models emphasize on the importance of integrating personnel/HRM practices with organizational goals.
    - Both models vest personnel/HRM firmly in line management.
14. Two differences between personnel management (PM) and HRM are as follows:
    - HRM believes in bottom up approach, whereas personnel management believes in top down approach.
    - HRM believes in facts and identified solution, whereas personnel management believes only in number.
15. Effective management of human resources help in professional growth of employees by:
    - Providing maximum opportunities of personal development to each employee
    - Allocating work properly and scientifically
    - Maintaining healthy relationships between individuals and groups in the organization
16. A sound HRM policy helps society, as a whole by:
    - Multiplying employment opportunities
    - Putting scarce talents are to best use
    - Maintaining a balance between the jobs available and job-seekers in terms of numbers, qualifications, needs and aptitudes
    - Providing suitable employments to people, giving them social and psychological satisfactions
17. Herzberg propounded the two-factor theory of motivation.
18. Frederick W. Taylor is called the father of scientific management.
19. A human resource specialist has the following three responsibilities:
    (i) Should assist the line managers so that the optimum efficiency of the workforce is maintained.

(ii) Should help management in its efforts to maintain good human relations and labour–management relations. Developing a sound and just human resource policies and procedures is also his responsibility.

(iii) Should manage all welfare services meant for employees.

20. In India, the main source of labour supply has been the growth of population. Modern industrial sector in India attracts labour from the agricultural sector. Industrial centres draw on their surrounding rural areas for recruitment of workers. The rapid increase of population, low degree of industrialization and widespread unemployment, both in rural and urban areas, have resulted in an abundant supply of labour to the industries.

1.11 QUESTIONS AND EXERCISES

Short-Answer Questions

1. What are the objectives of human resource management?
2. List the functions of psychological contracts.
3. What are the important features of BPR process?
4. State the meaning and importance of human resource management.

Long-Answer Questions

1. Describe the functions of human resource management.
2. Explain the role of HR in business process re-engineering.
3. Discuss the various eras of HRM evolution.
4. Explain the challenges which are being faced by modern HR management.
5. Discuss the stages of evolution and development of human resource management.
6. Analyze the various factors that impeded the growth of HRM in India.

1.12 FURTHER READING

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UNIT-2 HUMAN RESOURCE PLANNING

NOTES

Structure

2.0 INTRODUCTION

In the previous unit, you learnt about the nature and scope of human resource management. In this unit, you will learn about the objectives, processes and importance of human resource planning (HRP). For hiring personnel on a scientific basis, you need to establish, in advance, a standard to compare applicants. This standard should determine the minimum acceptable qualities necessary for performing duties and responsibilities of employees. Decisions relating to human resources requirements are not restricted to the human resource (HR) department. HRP determines the human resource requirements of the entire enterprise for a given future period, for the various tasks required for the attainment of organizational objectives. It refers to the predetermination of the future course of action to procure, develop, manage, motivate, compensate, plan career and separate the human elements of enterprise. It determines the patterns of the humanization of work environment in an organization.

This unit will also discuss the meaning and features of job analysis and job enrichment in simple but effective manner. It will explain the recruitment, selection and induction programme. The unit will also explain why transfer and promotion are important.

2.1 UNIT OBJECTIVES

After going through this unit, you will be able to:

- Describe the meaning and objectives of human resource (HR) planning
- Assess the process of job analysis
- Identify and discuss the characteristics of job design and job enrichment
- Explain the meaning and different sources of recruitment
- Explain the meaning, purposes, and process of selection
- Describe the induction process and the types of inductive training in India
- Assess the significance of transfer and promotion

2.2 MEANING, NEED AND OBJECTIVES OF HR PLANNING

According to Geisler, 'HR planning is the process—including forecasting, developing and controlling—by which a firm ensures that it has the right number of people and the right kind of people at the right places at the right time doing work for which they are economically most useful.'

According to Wendell French, HRP may be defined as 'the process of assessing the organization's human resources needs in the light of organizational goals and making plans to ensure that a competent, stable workforce is employed.'

According to E. W. Vetter, HRP is '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'.

Leon C Megginson is of the opinion that, HRP is 'an integrated approach to perform the planning aspects of the personnel function in order to have a sufficient supply of adequately developed and motivated people to perform the duties and tasks required to meet organizational objectives and satisfy the individual needs and goals of organizational members'.

On the basis of these definitions, you can list some common features of HRP as follows:

- It must integrate the human resources requirements in the view of organizational objectives.
- It must be directed towards well-defined objectives.
- It must make certain that it has the right number of personnel and the right type of personnel at the right time doing the right job.
- It must facilitate an efficient motivational process.
- It must take into consideration the principle of regular reassessment of latest developments and extend the plan to include the changes in the given period.
- It must contain enough flexibility to fit into the varying requirements of the enterprise.

HRP is used synonymously with manpower planning. It includes all human beings at all stages in the organization. It is necessarily associated with the estimation and projection of the future supply and demand for the various categories of personnel in the organization.

Nature

The nature of HR planning may be summarized as follows:

- It includes all the actions relating to human assets.
- It involves identification of manpower requirements, in quantitative as well as qualitative terms. The identification of requirements should be made well in advance to allow sufficient time for education, training and development.
- It involves a stock of the existing human resources to determine the position of of human resources so that the workforce may be utilized to its full potential.

Objectives

A business plan must be achievable. It should incorporate a series of planned actions, tactics and strategies which will ensure that all of the key objectives will be achieved

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within the defined time frames. It should also incorporate sufficient flexibility and reserves to enable a response to unanticipated developments and at the same time keep the plan broadly on course to meet its primary objectives. Business planning may have a horizon of no more than two or three years. If the enterprise has the management skills and the human resources to exploit situations in the external environment the planning system should ascertain whether corporate ambitions are flexible enough to take in the opportunity. In any business plan, we need to draw out the key human resource actions required so that appropriately designed strategies are planned, developed and implemented in a way that enables business objectives to be achieved. In assessing the optimum mix of business options while assembling a plan, the availability of necessary manpower resources will be the key determinant in its achievability of necessary manpower resources will be the key determinant in its achievability. Matching manpower demands to manpower availability for the favoured options is therefore, a vital element of business and manpower planning activity. The ability to acquire additional resources in line with plans is an important factor. This imposes very real limitations on business development.

Business objectives

The accepted business plan and objectives consist of the selected options covering the immediate years and progression towards the envisioned future. A plan is not complete unless the means of implementation are clear, most importantly in regard to the availability of people to carry it through. There will be a range of critical steps, each of which is essential to the success of the overall plan.

As each business grows and becomes more complex, it is an important responsibility for every manager to plan his human resource requirements systematically and carefully to ensure effective manning and continuity. Failing to plan for change and acquire adequate appropriate talent can jeopardize the achievement of objectives and future growth.

HR Planning Objectives in a Business Plan

Within most businesses, there will be a top-down philosophy of management development. This will have originated in the corporative objectives. If the business plan itself, it is those management development specifies which require actions that give management development programmes their legitimacy. The concepts which apply to management development will be extended to manpower planning at large. There is likely to be a range of manpower requirements. A range of situations which call for strong manpower planning actions are as follows:

- Successors will be required to fill the listed management positions over the next two to five years and the estimated additional number of positions each year to cover unplanned promotions and transfers terminations and unplanned additional posts. A detailed action plan will be required but the development actions to prepare internal candidates for all these opportunities should be shown to be deeply rooted, flexible and effective. Adequate early warning must be provided for all requirements which must be met by external resourcing.
- Strengthening the marketing function may be essential to some business strategies like to recruit externally, to fill a number of identified management and specialist positions within a designated time-scale, as well as to develop existing people. This might involve specialized training programmes to take the levels of knowledge of specified people up to new defined standards and even to provide operational support as these new skills begin to be exercised.

- Planned and substantial management information systems developments may require a range of specialist and management recruitment, plus specialized training ranging from management briefings to highly technical systems and language training.
- Proper communication of new technology applications will require articulate non-technical briefings for other managers to ensure widespread appreciation of potential change, threats and opportunities. Locating and training individuals to do this effectively is always difficult.
- Graduate recruitment is a permanent task, by the demographic effect on the availability of relevant graduates and the form of competition are constantly changing. The flow of people up through the organizations and the ability to resource future management requirements may be directly affected by failure to recruit at the bottom end.

The manpower planning and the management development processes are integral parts of the management process and their elements contribute to increasing organization capability and gaining competitive advantage. Human resource strategies should be developed with the purpose in mind.

Need

Every organization needs sound HR planning for the following reasons:

- It is an established fact that managerial success depends on the success of personnel management. If a position is not occupied by an appropriate person, then the execution of a programme is bound to suffer.
- Auditing human assets is an important component of HR planning. Auditing assesses the potentials, skills and presentation abilities of each individual. Occasionally, replacement charts or succession plans are retained to make sure that prospective executives are placed for every position in the enterprise during the given upcoming period.
- The function of forecasting and auditing is to offer background information relating to interior or internal issues, such as existing and probable skills and opportunities. The manpower scheduling can consequently be done. The normal depletion of human assets due to turnover, death, superannuation, should be designed. Therefore, HR planning must be propped up by HR forecasting, HR auditing and HR analysis.
- No business can stay alive and prosper without sufficient and proper human assets and their appropriate management. Keeping in view the new trends, HRP must react to the requirements for structural changes and emerging human expectations.
- Sufficient investment in human capital is necessary in an enterprise. A sizeable enhancement in quality of life and QWL supported by TQM, needs a systematic HRP.
- Planning is useful in placing employees at the requisite time taking into account the lead time to determine the shortages, clear the opening and undertake the selection process. It recognizes and develops the personnel for bigger accountability.
- HRP needs to be supported by efficient evaluation and appraisal systems. The regular appraisal of performance, in qualitative as well as quantitative terms, gives the tangible results of HRP. Scientific performance appraisals facilitate

the identification of the existing gaps, which, in turn, help in undertaking corrective measures.

- There occur frequent changes in the environment. To help employees adapt to these changes, HRP suggests training and development programmes.
- HRP reduces the cost of production and keeps the process moving, by providing adequate personnel and efficiently controlling and utilizing the existing human assets in the organization.

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2.2.1 Importance and Advantages of HR Planning

HR planning is a highly important and useful activity. Without a clear-cut planning, an estimation of the organization's human resource needs is reduced to mere guesswork. The importane of HR planning may be summarized as follows:

- Planning defines future manpower needs and this becomes the basis of recruiting and developing personnel.
- Employees can be trained, motivated and developed in advance and this helps in meeting future needs for high-quality employees.
- Change in technology has attached more importance to knowledge and skill resulting in surplus manpower in some areas and shortage in other areas. HR planning helps in creating a balance in such a situation.
- Jobs are becoming more and more knowledge-oriented. This has resulted in a changed profile of HR. Due to increased emphasis on knowledge, recruitment costs have also increased. To avoid the high cost of recruitment, proper HR planning is necessary.
- The organization can have a reservoir of talent at any point. People with requisite skills are readily available to carry out the assigned tasks.
- Planning facilitates the preparation of an appropriate manpower budget for each department. This in turn, helps in controlling manpower costs by avoiding shortages/excesses in manpower supply.
- Systematic HR planning forces top management of an organization to participate actively in total HR management functions. When there is active involvement of top management, they will appreciate the real value of human resources in achieving organizational effectiveness.
- Systematic HRP forces top management of an organization to participate actively in total HRM functions. When there is active involvement of top management, they will appreciate the real value of human resources in achieving organizational effectiveness.

Any failure in HR planning will hinder the achievement of objectives of the organization. In case an organization has less number of employees than required, then the work will be disrupted, production will be slow and employees will have excess workload. On the other hand, if an organization has more employees than required, it will have unnecessary financial burden in the form of a large pay bill if it decides to retain employees. If the organization decides to terminate surplus employees, it will have to pay compensation to the retrenched employees. Thus, it is essential to have an adequate number of persons in an organization to attain its objectives.

For achieving the objectives of the organization, the personnel planner should be concerned with the timing and scheduling of planning of human assets. Moreover, the management needs to be convinced to utilize the results of manpower planning studies.

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Manpower planning may also be utilized as an important tool in framing the training and development programmes for the employees because it takes into consideration the possible changes in the personnel requirements of the organizations.

Advantage

From the preceding discussion, the advantages of HR planning may be described under the following heads:

(a) Improvement of labour productivity

Manpower or HR as a factor of production differs from other factors of production. As it is subject to its free will, the productivity of labour can be improved if the workers are kept satisfied. In other words, just as the satisfied workers can be productive, dissatisfied workers can even be destructive. Therefore, through proper HR planning we can improve the morale of the labour and thereby labour productivity.

(b) Recruitment of qualified HR

Talented and skilled labour has become a scarce resource, especially in developing countries. Therefore, for the survival of the firm it is essential to recruit the best labour force through proper manpower planning.

(c) Adjusting with rapid technological changes

With the advancement in technology, job and job requirements are changing. Therefore, it is necessary to forecast and meet the changing manpower, which can withstand the challenges of the technological revolution. This can be done through effective manpower planning.

(d) Reducing labour turnover

Labour turnover refers to the mobility of labour out of the organization due to various factors, such as dissatisfaction, retirement, death, etc. Due to labour turnover a firm loses experienced and skilled labour force. This loss can be minimized through efficient manpower planning.

(e) Control over recruitment and training costs

Highly skilled personnel are in short supply and it is costly to hire, train, and maintain them. A company has to incur heavy costs in processing applications, conducting written tests, interviews, etc., and in the process providing adequate training facilities. In consideration of these costs it is essential to plan carefully vis-à-vis manpower so as to minimize costs.

(f) Mobility of labour

Today, it is difficult to retain qualified personnel in an organization as they move from one job to another in search of better prospects. In a free society, people enjoy unrestricted mobility from one part of the country to the other. Therefore, in order to reduce the loss of experienced and skilled labour, every organization must have a sound system of manpower planning.

(g) Facilitating expansion programmes

In these days of rapid industrial development every company goes for expansion of its activities. With the increase in company size, the demand for HR also increases. This necessitates proper manpower planning so as to ensure the continued supply of the required manpower for the firms' activities.

(h) To treat manpower like real corporate assets

Today it is being increasingly felt by the practicing managers and psychologists that employees in an organization must be treated as the most significant assets. The

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productivity of a company can be improved only through manpower planning, recognizing the significance of the human factor in business. A proper manpower planning is based on the realization that satisfied workers can contribute to the overall profitability of the firm through improved productivity.

2.2.2 Guidelines for Effective Human Resource Planning

Some of the steps that may be taken to improve the effectiveness of HRP are as follows:

- **Objectives:** The HR plan must fit in with the overall objectives of the organization. Important aspects, such as working conditions, human relationships, etc., must be kept in mind while developing the plan. The HR plan should be balanced with the corporate plan of the enterprise. The methods and techniques used should fit the objectives, strategies and environment of the particular organization.
- **Top management support:** The plan must meet the changing needs of the organization and should enjoy consistent support from top management. Before starting the HRP process, the support and commitment of top management should be ensured. Moreover, the exercise should be carried out within the limits of the budget. There is no use formulating plans which cannot be implemented due to financial constraints.
- **Appropriate time horizon:** The period of a HRP should be appropriate to the needs and circumstances of the specific enterprise. The size and structure of the enterprise as well as the changing aspirations of the people should be taken into consideration.
- **Manpower inventory:** The quantity and quality of human resources should be stressed in a balanced manner. The emphasis should be on filling future vacancies with the right people rather than merely matching existing people with existing jobs. The organization must have an up-to-date employee skills inventory showing pervious jobs held, tenure on current job, educational and training qualifications, specific knowledge and skills, prior work performance, past and current compensation and mobility factors. The Markov analysis (an approach to forecast the internal supply of manpower tracking past patterns of personnel movements) may be pressed into service while preparing the manpower inventory. Upward mobility of existing staff needs to be considered carefully.
- **Human resource information system:** An adequate database should be developed for human resources to facilitate HRP. To manage employee skills inventories, organizations should maintain computerized human resource information systems containing data on: individuals, demographics, career progression, appraisals and skills.

2.2.3 Process of HR Planning

With the expansion of business, adoption of complex technology and professional management techniques, the process of HR planning has assumed greater significance. It consists of the following stages.

1. Analysing organizational plans and deciding on objectives

Before undertaking the HR planning of an organization the short-term and long-term objectives should be analysed. The process of HR planning should start with analysing the organizational plans and programmes. They help in forecasting the demand for

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human resources as it provides the quantum of future work activity. According to Sikula, 'The ultimate mission or purpose is to relate future human resources to future enterprise needs so as to maximize the future returns on investment in human resources.'

2. Analysing factors for manpower requirements

It is required to thoroughly analyse the existing job design taking into account the future strengths or capabilities, knowledge and skills of existing employees. The designing and analysis of a job should reflect the future human resources and organizational plans. The existing job design and analysis may be reviewed thoroughly keeping in view the future capabilities, knowledge and skills of present employees. The job design and analysis should reflect the future human resources and organizational plans. The factor for manpower requirements can be analysed in two ways:

(i) *Demand forecasting:* Forecasting the overall HR requirements in accordance with the organizational plans.

(ii) *Supply forecasting:* Obtaining the data and information about the present inventory of human resources and forecast the future changes in present human resource inventory.

3. Developing employment plans

After the number of employees for each job in the enterprise is determined, the HR department needs to determine the nature of job, i.e., job description and job specification.

As you would learn later, a job description usually explains the work done, the accountabilities involved, the skill or training needed, circumstances under which the work is done, relationships between various jobs and manpower requirements of the job. According to the British Institute of Management: 'A job description is not intended to catalogue all duties involved with the result that an employee would feel justified in declining to perform any work not included in the description. It should be regarded as an outline of the minimum requirements of the job, thus preserving flexibility of operations'.

Job specification is an output of job description. It states the minimum acceptable qualifications that the newcomer must possess to perform the job satisfactorily and successfully. Job specifications serve as an important tool in the selection process and evaluation. They are developed by the human resource department in consultation with different line managers. The various elements of job specification are as follows:

- Minimum formal education necessary to perform the job
- Minimum experience required for performing the job
- Manual/mental skill required for performing the job
- Personality factors such as personal appearance, emotional stability, maturity, initiative, drive and sociability
- For high-level jobs, the ability to assume responsibility

Thus, after determining the number of personnel for each job in the organization, the HR department has to spell out the job description and job specification.

(a) *Job description:* A job description generally describes the work to be performed, the responsibilities involved, the skill or training required, conditions under which the job is done, relationships with other jobs and personal requirements on the job.

(b) *Job specification:* Job specification is an output of job description, and states the minimum acceptable qualifications that the newcomer must possess to perform the job satisfactorily and successfully.

4. Developing human resource plans

The management needs to determine the net human resource requirements in terms of number and components. Once the supply and demand of human resources are estimated, the management begins making necessary adjustments. If the internal supply of employees exceeds the demand, there is surplus of human resources and there is no external recruitment. Further, to overcome the problem of surplus staff, the existing employees are encouraged to opt for voluntary retirements. It gradually leads to reduction in the number of surplus employees. Planners have to take recourse to the external sources if there is deficit of human resources. They need to scan the employment market for recruiting employees. When the future supply of human resources from all the external sources is estimated to be insufficient or inadequate, human resource planners recommend the alteration or modification in the organization's recruitment plan. When there is shortage of certain classes of employees, the organization needs to take care not only of recruitment but also of retaining existing employees.

Thus, net HR requirements in terms of number and components are to be determined in relation to the overall HR requirement. After estimating the supply and demand of human resources, the management starts the adjustment. When the internal supply of employees is more than the demand, that is, there is a human resource surplus; then the external recruitment is stopped. If there is a human resource deficit, then the planners have to rely on external sources.

Human Resources Supply and Demand Forecasting

There are two ways to analyse manpower requirements: demand forecasting and supply forecasting.

1. **Demand forecasting:** Demand forecasting refers to the process of estimating the future requirements of manpower, by function and by level of skills. It is observed that demand assessment for operative personnel is not an issue. However, making projections for supervisory and managerial levels is not an easy job. The following two types of forecasting mechanisms are usually used for determining the organization's anticipated demand for human resources.
   (a) ***Judgemental forecasts:*** Judgemental forecasts are based on the judgement of those managers and executives who possess intensive and extensive knowledge of human resource requirement. These forecasts are of the following types:
   - **Managerial estimate:** Under this forecasting method, the managers or supervisors consider their future workload and future capabilities of employees and then decide on the number and type of human resources required. In this system, the lower level managers estimate the staffing requirement and pass their estimation up for further revision.
   - **Delphi method:** A survey strategy can be taken up with the Delphi technique. The Delphi process entails a number of experts who come forward with their forecast statement and basic assumptions in rotation. These specialists then revise their forecasts. The face-to-face interaction among the experts is evaded.

   (b) ***Statistical projection:*** Some forecasting techniques, which are based on statistical methods, are as follows:
   - **Ratio-trend analysis:** It is executed by studying past ratios and forecasting future ratios. The factors of internal environmental

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changes are taken into account in forecasting future ratios. Activity level forecasts are helpful in determining the direct HR requirements. This method depends on two factors: (i) the availability of past records and (ii) future internal environmental changes.

- **Econometric model:** In this model, there is an analysis of the previous data and a connection is established between different variables in a mathematical formula. Variables affecting HR requirements are determined. The mathematical formula thus developed is then applied in forecasting movements in the identified variables in order to determine HR requirements.
- **Work-study techniques:** Work-study techniques are generally used to study work measurement. Under the workload analysis, the volume of workload in the coming years is analysed. These techniques are more suitable where the volume of work is easily measurable. If the planners forecast expansion in the operations, additional operational workers may be required. If the organization decides to reduce its operations in a particular area, there may be decreased demand for the workers. If there is likely to be no change, present demand for workers will continue. The work-study method also takes into account the productivity pattern for the present and future, internal mobility of the workers, such as promotion, transfer and external mobility of the workers, such as retirement, deaths, voluntary retirements, etc.

2. **Supply forecasting:** Supply forecasting is concerned with human resources requirements from within and outside the organization. The first step of forecasting the future supply of human resource is to obtain the data and information about the present human resource inventory. The supply forecasting includes human resource audits; employee wastage; changes due to internal promotions; and changes due to working conditions.

   Some of the steps in supply forecasting are discussed as follows:

   (a) ***Human resource audits:*** In the human resource auditing system**,** each employee's skills and abilities are analysed. Using this analysis, human resource planners get the idea of skills and capabilities available in the organization. It helps them in identifying manpower supply problems which may arise in the near future. The details of human resource audits need to be updated periodically so that they do not lead to a situation when present employees are ignored for job openings within the organization.

   (b) ***Employee wastage:*** The estimation of future losses of human resources in the organization is the second step in the supply forecasting system. It is undertaken to identify the employees who may leave the organization due to various reasons. Retirements, layoffs, dismissals, disablement, ill health, death, etc., may be the causes of employees leaving the organization. Reasons for high labour turnover and absenteeism need to be analysed. Management also needs to calculate the rate of labour turnover, conduct exit interviews, etc. All this helps in forecasting the rate of potential loss, understanding the reasons for loss and in reducing the loss.

   (c) ***Internal promotions:*** Analysis is done with regard to the vacancies occurring as a result of retirements, transfers and promotion of employees

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of the organization. There is a need to analyse the multiple effect of promotions and transfers on the total number of moves. This effect should be taken into account to forecast changes in human resource supply of various departments. For example, if the personnel officer is promoted as personnel manager, two more employees will be promoted. The senior clerk in the personnel department will be promoted to the post of a personnel officer and the junior clerk will be promoted to the post of a senior clerk. Thus, there are three moves for one promotion.

Balancing supply and demand for human resources

Organizations strive for a proper balance between demand and supply considerations in their human resource planning. Demand considerations are based on forecast trends in business activities while supply considerations involve the determination of where and how suitable candidates can be found. The difficulties in locating applicants for the increasing number of jobs and greater planning efforts are also needed in recruiting. In an effort to meet the demand for labour, organizations have several staffing possibilities, including hiring full-time employees, having the existing workers work overtime, recalling laid-off workers if any and using temporary employees to man the work.

Additionally, organizations today reduce their workforce by relying on attrition – a gradual process of reducing employees through resignations, retirement or deaths – to reduce the excess work force. The methods used by companies to reduce their work force are discussed here:

- **Organizational downsizing:** Organizations have undertaken the extremely painful task of downsizing and restructuring to reduce their 'head count'. Because of either economic or competitive pressures, organizations have found themselves with too many employees or with employees who have the wrong kinds of skills. In order to reconcile labour supply and demand considerations organizations have eliminated thousands of jobs. Downsizing is part of a longer-term process of restructuring to take advantage of new technology, corporate partnerships and cost minimization.
- **Lay-off:** Employee layoff decisions are usually based on seniority and/or performance. The rights of employees during layoffs, their conditions concerning their eligibility for recall, and their obligations in accepting recall should be decided in advance. In cases where economic conditions have brought about layoffs, employees who were asked to go while in good standing may be recalled to their jobs when the economic outlook brightens and there are job openings.

HRP at Micro and Macro Levels

Organization level Human Resource Planning (HRP) cannot be done in isolation of macro issues. At the aggregative or macro level, HRP is influenced by general environmental factors like employment, unemployment situation, demographic changes, legal control and institutional policies, policies on globalization and opening of markets etc. At organizational or micro level, HRP is more influenced by technology changes, organizational restructuring, skill and competency gap, strategic objectives, trade unions pressure, lead time for manpower procurement etc. Macro level issues are exogenous, i.e., uncontrollable, while micro level issues are endogenous and therefore controllable by an organization.

Development of human is one of the important objectives of any country for long-term economic growth. All planned efforts are now being initiated to augment institutional support for developing human resources at the national level. Following are the major issues to be considered to develop human resources at the macro level:

- **Population planning and control:** To enforce control over population explosion to avert economic imbalances, population planning and control measures have been initiated by the government. The policy emphasizes on affordable reproductive health care, education, sanitation, drinking water, housing, transport, communication and empowering women. There is a significant rise in population control awareness among people which is evident from the phenomenal increase in averting birth over the decades.
- **Literacy and education:** To develop human resources at the macro level, the Government of India has also adopted a National Policy on Education in 1986. The policy provides a broad framework for complete eradication of illiteracy in the country by declaring basic primary level education up to standard V, free and compulsory. From elementary education, the focus on secondary, university and higher education, technical and vocational education, adult education is also increasing. A significant rise in literacy rate authenticates the effort of our government in developing human resources at the macro level.
- **Health and medical care:** Health sector reforms are another required initiative for developing human resources at the macro level. In this respect, India has recorded disparity and regional imbalances. Baring few positive changes in life expectancy ratio, infant mortality rate, child mortality rate, etc., we are still far away from improving general health indices for the nation. Core communicable and non-communicable diseases like, malaria, tuberculosis, leprosy, blindness, AIDS, cancer, etc., are still not under the expected level of control.

In addition to the above centralized strategy for human resource planning and development, at the state level, State Planning Boards and at the district level manpower planning generation councils have been set up. Macro level HRP is a complex and dynamic process and it requires longitudinal study to understand the results of various policy measures and actions. The trend indicates hardly any growth in public sector and marginal growth in private sector employment. There is a tremendous structural change in the employment pattern, will shift more towards knowledge intensive jobs. There still exists an imbalance in supply and demand for human resources at the macro level. While on one hand the country is facing the mounting burden of unemployment, on the other, it is still in shortage of skilled manpower.

Strategies for HR Planning

The objective of manpower planning is to help the organization achieve its goal. For this purpose, the manpower planners have to develop some strategies. Stainer has suggested nine strategic points for the benefit of manpower planners:

(i) They should collect, maintain and interpret relevant information regarding HR.

(ii) They should periodically report manpower objectives, requirements and existing employment and allied features of manpower.

(iii) They should develop procedures and techniques to determine the requirements of different types of manpower over a period of time from the standpoint of organization's goals.

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(iv) They should develop measures of manpower utilization as components of forecasts of manpower requirement along with independent validation.

(v) They should employ suitable techniques leading to effective allocation of work with a view to improving manpower utilisation.

(vi) They should conduct research to determine factors hampering the contribution of individuals and groups to the organization with a view to modifying or removing these handicaps.

(vii) They should develop and employ methods of economic assessment of HR reflecting its features as income-generators and cost, and accordingly improving the quality of decisions affecting the manpower.

(viii) They should evaluate the procurement, promotion and retention of the effective HR; and

(ix) They should analyse the dynamic processes of recruitment, promotion and loss to the organization and control them with a view to maximising individual and group performance at minimum cost.

Control and review mechanism

HRP requires considerable amount of financial resources, besides time and staff. Small firms may not go for it but large organizations prefer it as a means of achieving greater effectiveness and long-term objectives. J. W. Walker is of the opinion:

> In making a projection of manpower requirements, selecting the predictor—the business factor to which manpower needs will be related—is the critical first step. Selecting the right predictor in relation to the business is a difficult process. To be useful, the predictor should meet two requirements; first, it should be directly related to the essential nature of the business so that business planning is done in terms of the factor. The second requirement is that changes in the selected factor be proportional to changes in the manpower required in the business.

Thus, the human resources structure and system should be controlled and reviewed with a view to keep them in accordance with the plan.

N.K Singh, in his book '*Dimensions of Personnel Management*', has identified nine steps followed by Indian industries regarding control and review of human resource structure and system. They are as follows:

- Considering the decisions regarding additions at the highest level
- Sending periodic reports to the top management stating the existing manpower system and changes therein due to internal mobility and external mobility
- Using the personnel budgets as a basis for control as they are formulated on the basis of manpower plans
- Auditing the human resources and studying manpower utilization which can be measured by relating net man-hours actually utilized in the work to the standard man-hours planned to be utilized in the work
- Measuring the efficiency of labour periodically in the form of labour productivity, employee–sales ratio, employee–investment ratio; employee–turnover ratio, employee–profit ratio, etc. and comparing them with standards of the organization and actuals of other comparable organizations
- Conducting surveys and research studies with a view to find out the level of job satisfaction, morale, employee attitudes, inter-personal relations,

etc., and reviewing and correcting the situation with the help of the findings of the surveys and studies

- Conducting studies with a view to find out the efficiency and validity of recruitment, selection, training, etc.
- Sending reports regarding absenteeism, irregularities, overtime, etc., to the management
- Conducting exit interviews, finding out the causes and correcting the situation

Limitations of process of HR planning

The main problems in the process of HRP are as follows:

- **Inaccuracy:** HRP involves forecasting the demand for and supply of human resources. Projecting manpower needs over a period of time is risky. It is not possible to track the current and future trends correctly and convert the same into meaningful action guidelines. Longer the time horizon, the greater is the possibility of inaccuracy. Inaccuracy increases when departmental forecasts are merely aggregated without critical review. Factors such as absenteeism, labour turnover, seasonal trends in demand, competitive pressures, technological changes, etc. may turn the rest of manpower plans into fashionable, decorative pieces.
- **Uncertainties:** Technological changes and market fluctuations are the uncertainties which serve as constraints to HRP. It is risky to depend upon general estimates of manpower in the face of rapid changes in environment.
- **Lack of support:** Planning is generally undertaken to improve overall efficiency. In the name of cost cutting, this may ultimately help management weed out unwanted labour at various levels. The few efficient ones that survive such frequent onslaughts complain about increased workload. They are unwilling to commit funds for building an appropriate human resource information system. The time and effort involved—with no tangible, immediate gains—often force them to look the 'other way'. Support from management is equally missing. Successful HRP flourishes slowly and gradually. In some cases, sophisticated technologies are forcefully introduced just because competitors have adopted them. These may not yield fruits unless matched with the needs and environment of the particular enterprise.
- **Numbers' game:** In some companies, HRP is used as a number game. There is too much focus on the quantitative aspect to ensure the flow of people in and out of the organization. Such an exclusive focus overtakes the more important dimension, i.e., the quality of human resources. HR planning, in the final analysis, may suffer due to an excessive focus on the quantitative aspects. The quality side of the coin (consisting of employee motivation, morale, career prospects, training avenues, etc.) may be discounted thoroughly.
- **Employees resistance:** Employees and trade unions feel that due to widespread unemployment, people will be available for jobs as and when required. Moreover, they feel that HRP increases their workload and regulates them through productivity bargaining.
- **Employers resistance:** Employers may also resist HRP feeling that it increases the cost of manpower.
- **Lack of purpose:** Managers and human resource specialists do not fully understand human planning process and lack a strong sense of purpose.

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- **Time and expenses:** Manpower planning is a time-consuming and expensive exercise. A good deal of time and cost are involved in data collection and forecasting.
- **Inefficient information system:** In most organizations, human resource information system has not been fully developed. In the absence of reliable data, it is not possible to develop effective human resource plans.

CHECK YOUR PROGRESS

1. Define human resource planning.
2. What are the integral parts of management process?
3. What is the advantage of a proper HR planning?
4. Why is it difficult to retain qualified personnel?
5. What are the ways to analyze manpower requirement?
6. What does supply forecasting include?
7. What do you understand by judgemental forecasts?
8. State the difference between demand considerations and supply considerations.
9. Mention at least three different strategies for HR planning as suggested by Stainer.
10. How does 'uncertainties' serve as constraints to HRP?

2.3 JOB ANALYSIS

Job analysis is the process by means of which a description is developed of the present methods and procedures of doing a job, the physical conditions in which the job is done, the relation of the job to other jobs and other conditions of employment. The purpose of job analysis is not to describe the ideal but to show the management how the constituent parts of its business are being carried out. Thus, job analysis is the process by means of which a description is developed of the present method and procedure of doing a job, physical conditions in which the job is done, relation of the job to other jobs, physical conditions in which the job is done, relation of the job to other jobs and other conditions of employment.

Job analysis is of fundamental importance to manpower management programme. The following are the possible uses of job analysis:

- ***Provides complete knowledge of the job:*** Job analysis provides complete knowledge about the job. Therefore, it is helpful in organizational planning.
- ***Helps in recruitment and selection:*** By indicating the specific requirements of each job, job analysis provides a realistic basis for recruitment and selection of employees. It is the best means of discovering the essential traits and personal characteristics leading to success or failure on the job.
- ***Establishes a base for compensation of employees:*** By indicating the qualifications required for doing a specified job and the risks and hazards involved in doing a job, job analysis helps in establishing a basis for compensation. Job analysis precedes job evaluation which measures the worth of jobs within the organization for the purpose of establishing a base for wages. A satisfactory evaluation of jobs is not possible without a comprehensive job analysis.
- ***Job re-engineering:*** Job analysis provides information which enables us to change jobs in order to permit their being manned by personnel with specific characteristics and qualifications. Job analysis helps to rearrange the work flow and to revise existing procedure.

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- ***Employee development:*** Job analysis provides the necessary information for employee development. When considering an employee for promotion, job analysis may facilitate his easy consideration for the job.
- ***Performance appraisal:*** Job analysis helps in establishing clear-cut standards. This helps the employees as they can know what is expected of them. It also helps the managers to appraise the performance of their subordinates.
- ***Training:*** Job analysis reveals the required skills and knowledge for doing a job. This helps in providing suitable training for the workers by determining the content and subject matter for the training course.

The first and immediate result of a job analysis is a job description. Job analysis is a simple and concisely written statement explaining the contents and essential needs of a job and a summary of the duties to be performed. It gives a precise picture of features of each job in terms of task content and occupational requirements. It describes 'jobs' not 'job holders'. It defines the scope of job activities, major responsibilities and positioning of the job in the organization. According to Arun Monappa and Mizra S Saiyadain, 'A well-thought-out job description has several advantages and serves various important functions as follows:

- It helps to indicate very clearly the nature and content of the job to the applicant, and hence, to remove uncertainties.
- Rewards and punishments can be easily legitimized. Applicants will know the consequences if they do not comply with the requirements. Any reward or punishment meted out to an employee because he is not in line with the job requirements will not be perceived as a favour or injustice.
- Job descriptions serve as an important basis for wage and salary administration. What the salary structure of two adjacent positions in an organization should be, what the differential should be, and so on, are determined, as also the skills required to perform the job successfully.
- It is easy to identify the training needs of the employee. Once it is clear what is required to perform the job, training content can be identified and suitable training can be given to those who do not perform successfully'.

CHECK YOUR PROGRESS

11. Define the term job analysis.
12. What is the purpose of job analysis?

2.4 JOB DESIGNING

Job design is basically concerned with the individual's job, work motivation and developing proper behaviour in an organization. The quality of work life (QWL) has taken a broader perspective recently, and is being widely applied to management techniques. Job design is basically associated with QWL. Job design is the outcome of scientific management, as suggested by Frederick W. Taylor. Time and motion study, fatigue and leisure study are the primary steps of job design which specify what is to be done, how it is to be done and the exact time allowed for doing it.

Scientific management has given birth to job engineering and reengineering. Job design as a total quality work life is concerned with the product, process, tool and technique design, plant layout, work measurement, standard operating procedures, human-process machine interaction and other activities related to job performance. It is associated with cybernation and sophistication. Cybernation refers to the automatic

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feedback control mechanism and sophistication is related to sophisticated computerization. Specialization is rapidly increasing with the invention of new technology. Sophisticated techniques are confined not only to blue-collar production jobs, but have started to include white collar jobs as well. Sophisticated but standardized job functions are the important considerations of job design. An employee is unable to describe all the components of his job because of too much specialization. The fitting of all the components in a systematic and sequential order has become essential to arrive at total performance of the job. The high level of specialization in the field, factory and office has created problems of confusion and overlapping. It requires specific designing of each and every component as well as sub-components of the job, in order to put specialized persons on to various parts of the job. It necessitates designing the job scientifically and usefully so that proper control over work performance and results can be exercised by management. The existing job design is re-designed to arrive at specialized cybernation. Job designers have observed certain drawbacks in specialization and work allocation. They have explored job enlargement, enrichment and relationships for providing job satisfaction and improving work performance.

Characteristics of Job Design

Job design is concerned with several aspects of an individual's job which may be goal setting, job content, job functions, job relationships, task accomplishment, employee response, job specialization and related job techniques. As shown in Figure 2.1, there are several characteristics of job design. Let us discuss these characteristics in detail.

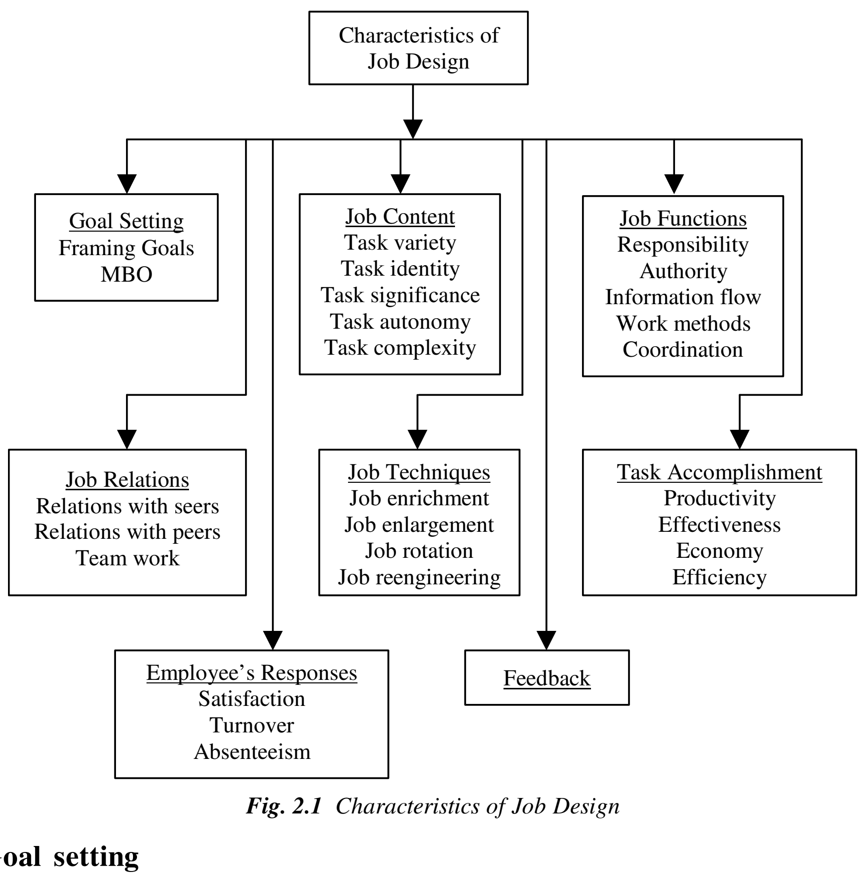

Fig. 2.1 *Characteristics of Job Design*

1. Goal setting

Goal setting is the primary function in job designing. It is essential for job performance and control. Goal setting helps the organization in effective performance and development. A practical and logical framework of the goal helps to develop human resources and organizational behaviour. Management by objectives has taken the present form of management approach, starting from goal setting.

Framing of goals: Framing of goals is a technique which is scientifically used in management. Edwin. A. Locke and T. A. Rajan have developed the theory of goal setting, although they have accredited this pioneer work to Frederick W.Taylor, who used goal setting as a motivation theory. It is now an accepted fact that goal setting plays a crucial role in human behaviour. An employee's performance and satisfaction depends on how the goals are formulated and how they are to be achieved within a specified time by using the minimum of resources. The goals are viewed by employees from the value, valence and consequence angles. Employees develop not only abstract thinking but also attach sentiments and feelings to the goals which become a cognitive determinant of their behaviour in the organization. Employees prefer to achieve goals for their self satisfaction. Similarly, if goals to be achieved are against their intentions and desires, they become dissatisfied, causing malfunctioning of organization. The management has to consider the emotions, desires and merits of the employees while framing the goals of the organization. In other words, employees who are most suited to a particular goal should be assigned the particular job. Framing of a goal is related to the employee's satisfaction and the performance of an organization.

The goal setting theory of Edwin A.Locke has considered values and value judgement, emotions, desires, intentions or goals, responses, actions, performance, consequences, feedback and reinforcement. This theory is based on the expectancy theory of motivation which states that, 'Achieved goals provide satisfaction'. It is an effective motivational approach. Researches have revealed that there is a close link between goal setting and performance. Therefore, goals must be specific in terms of time, place, person, units and quality so that employees are specifically assured of correct performance. A goal must be approachable and free from a cumbersome achievement process. Often, challenging goals are more satisfying than simple goals. Goals should be framed through the free consent of employees and management. The participative theory becomes effective for goal achievement because employees prefer to perform goals framed with their consent rather than imposed on them by their superiors. While preparing goals the past feedback of the employees, in the context of task accomplishment and satisfaction, should be given due consideration. Review and assessment of the goals are essential for arriving at a final decision which is used for directing employees to perform better to improve corporate performance, besides giving them job satisfaction.

Management by objectives (MBO): Management by objectives has developed as a technique. Peter Drucker, for the first time explored management by objectives for achieving improved organizational performance and employee satisfaction. As management principles are widely accepted, the MBO is spreading to cover even non-business organizations to manage their performance as systematic setting of objectives and goals lead to better results.

The setting of overall objectives is done by management after considering strengths, weakness, opportunities and threats. The key functional areas are identified first to formulate overall objectives. Key functional areas are those which have the maximum impact on the overall performance. The key functional areas' performances are to be evaluated to understand their contribution to the organization. The objectives are generally used as measuring scales of performance. The inputs required for achieving the objectives are also apprised. Time and money factors are crucial for result oriented performances. The development of objectives for key functional areas and organization consequently are pre-requisites for developing departmental objectives. The department goals are guiding factors for deciding on branch goals. Readjustment of departmental and sectional objectives is essential to arrive at practical and feasible objectives. The individual supervisor's objectives are developed based on sectional objectives. The employee-supervisor relationship is also discussed while formulating their objectives. The supervisor's objectives, usually known as targets, are quantifiable, feasible, time and cost-oriented. Their performances are judged on these bases. Corporate objectives are achieved through corporate plans and strategies. Similarly, departmental, sectional and individual objectives are achieved through departmental plans, sectional plans and action plans respectively.

The performance achieved is compared with the objectives to find out the position, causes and constraints of achievements in the areas of organizational performance and employees' satisfaction. The appraisal system is diagnostic rather than purely evaluative. The suggestions are brought forward through mutual discussion and personal considerations. These are perpetual functions, e.g., deciding objectives, plan formations, actions, evaluation, diagnosis and reformulation of objectives, plans, actions and suggestions.

Goal setting is the first and final step in job designing. The jobs are framed, described and allocated as per the goals set by the organization which are achieved by the employees. The deviations between performance and goals are diagnosed and improved goals are set for further improvement of organizational performance and employee's satisfaction.

2. Job content

Job content defines the general nature of the task, which includes task variety, identity, significance, autonomy and complexity.

Task variety: A job involves a number of varieties for which different skills are used for effective performance. It allows employees to perform different operations using different skills. Task variety requires different skills and abilities. High variety tasks are challenging because of a larger range of skills involved in them. A repetitive task does not require a variety of skills and it becomes monotonous. Variety provides satisfaction, a sense of competence and a chance to demonstrate employee's skills.

Task identity: The second component of job content is task identity. A small part is assigned to employees who are unable to identify the total product developed with their efforts. They get satisfaction when they see the product as their own creation. Since they perform only a part of the total job, they do not get a sense of satisfaction. When the whole product or an identifiable part of the product is produced by employees, task identity is established. If employees can identify the task or product completed, they get satisfaction. Task identity provides satisfaction because employees feel proud 'I/We have performed the task.' For example, if a mason has built a house, he feels proud and satisfied that he has built a very good house which is appreciated by people. Task identification is essential because it gives a feeling of completion and sense of satisfaction. Task identity will be high if employees perceive more satisfaction at the completion of the task.

Task significance: This refers to the impact on others as perceived by employees. For example, employees producing life saving medicines feel satisfied that they are contributing to the cause of social-health. They are proud of the job because it has social, human and economic significance. If the task is not perceived as significant, employees do not get satisfaction and do not behave properly. In an organization, if the employees are asked to go from one machine to another during job performance, while they can complete the task on one machine, they find this moving task insignificant.

They may revolt against the supervisor. If employees find their task significant, from social, organizational and other angles, they devote all their abilities and time to it. Task significance is perceived by employees in many cases, but if employees are not fully aware of the significance of the task, they should be made to realize the significance through demonstration and practical observation.

Task autonomy: Employees feel satisfied if they are given freedom to perform the task in their own way. If they have discretion and control over task decision and performance, they build a sense of responsibility on performance. Employees are not willing to work beyond the constraints of the organization, but they want some sort of autonomy of the task wherein they can demonstrate their abilities and importance. Goal setting with the consultation of employees provides task autonomy because here employees get opportunities to participate in decisions.

Task complexities: Employees perceive some jobs as very complex and beyond performance, although in practice these jobs are not so difficult. Similarly, some tasks are considered very simple. Many employees get satisfaction while completing complex tasks.They feel bored while performing simple and routine jobs. Facilities of feedback help understand employees' inclinations towards their jobs. Feedback provision is essential for improving employee's satisfaction and corporate performances.

3. Job functions

Job content helps the employees to perform their jobs. Job context is similarly important to understand the relationships with other tasks. Job functions include job responsibility, authority, information flow, work method and coordination. An employee becomes a member of the organization from the moment he enters the organization. The organization has certain responsibilities towards employee's upkeep and development, because it gets their contributions. Both parties invest in each other and expect certain things in return. If employees fail to discharge their responsibilities, the organization exercises its authority to control them. The authority and responsibilities are interwoven and are discharged depending on each other's compliances.

Information flow, work methods and coordination help efficient and sufficient performances. If employees are provided with necessary economic, operational and managerial information, they perform their jobs better than those who have scant information.

4. Job relations

The nature of relationships with superiors and subordinates influence the performance and satisfaction. It strengthens teamwork. While designing a job, adequate attention is paid to job relations. It is the interpersonal relationship which shapes the future of the organization. If the relationship is congenial and helpful, an organization will develop. The corporal's performance and employees' satisfaction depend mainly upon the friendly relationships in the organization, teamwork, initiations and interaction of employees with other employees and also with the supervisor and higher level managers.

5. Job techniques

Job design includes job techniques, viz., enlargement, rotation and re-engineering, These points help to develop quality of work life (QWL). The job scope has two dimensions—breadth and depth. Job breadth is the number of different tasks, while job depth is related more to power, responsibilities and control. Job techniques are developed to benefit employees, the organization and society.

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(i) Job enlargement

Job enlargement is the horizontal expansion of jobs to include more tasks in the job, unlike job enrichment which is the vertical expansion of a job to reduce the variety of tasks. Horizontal expansion includes increasing the number and variety of activities performed by an individual employee. For example, a worker may be asked to perform five tasks of a job instead of four. The addition of one more task is job enlargement. Enlargement decreases monotony and leisure. It is required when the number of employees is reduced, so that the same job can be performed by lesser number of employees. Enlargement makes the employees to do more work than they were performing. Redundant workers are retrenched after job enlargement. Job enlargement results in more diversity of jobs, whereas job enrichment results in the intensity of jobs. Diversification of a job involves enlargement, whereas specialization of a job aims at enrichment. Job enlargement is job breadth whereas job enrichment is job depth. Job breadth is the number of different tasks an individual is responsible for completion. Employees are given a wider variety of duties. They may range from very narrow to wide tasks, from a small place to a wider place to provide movement of employees, and from routine to meaningful work modules. Enlargement provides more meaningful feedback.

(ii) Job rotation

Job rotation is the shifting of an employee from one job to another. Employees feel bored when they are made to do the same job constantly. Job rotation requires shifting employees from their existing jobs to another. It helps in the development of a wider range of skills, more flexibility, adaptability and filling of vacancies. Employees usually prefer challenging jobs. When jobs are not challenging, job rotation becomes essential to retain the interest of the employees on the jobs. Job rotation motivates people from time to time. It diversifies their activities, making them more competent. They gain knowledge of different types of activities. Job rotation becomes essential for new entrants and trainees. It is interchangeable without any major disruption. Task rotation within a job makes employees competent to perform the whole job. A job has several tasks. An employee can perform a few tasks at a time. If he is transferred from one task to another, he learns to perform all the tasks of the job. It makes him competent and satisfied that he knows the whole job, although it involves extra cost, time and supervision. In spite of its drawbacks, job rotation is accepted as a motivational process for human resource development.

(iii) Job reengineering

After designing a job, activities are performed and some discrepancies are noted for several reasons, which may be widely varied in reactions to the job. Employees have different levels of satisfaction. The specific goals of an organization may not be achieved. The management has to reveal the causes of variations in job objectives, designs and performances. There is need for reengineering of the job to achieve corporate objectives and employees' satisfaction, which are dependent on the reengineering of the job, individual experience, performance, satisfaction and their combined functions. Reengineering of a job is done considering the job nature, individual features and experiences of employees, job performances and satisfaction. The form of reengineering depends on different levels and the nature of the job. Achievement and autonomy are needed for proper performances. Job reengineering varies from person to person, job to job and company to company. For example, high performers and enthusiastic persons are needed for salesmanship, technically trained and experienced workers are required for production purposes. Job re-engineering is needed to suit different requirements of employees. Different levels of employees need to be satisfied with the reengineering of the job. Maslow's need hierarchy, has been used for satisfying different cadres of employee's basic and safety needs for class III and lower employees, security and social needs for middle-level managers. Edward E. Lawler III has given expression to job engineering.

> '...organizations must recognize the importance of treating people differently and placing them in environments and work situations that fit their unique needs, skills and abilities.'

This statement suggests that redesigning of jobs satisfy different needs of individual employees and helps in motivation that improves performance. Reengineering should satisfy individual and organizational objectives through the proper reallocation of jobs and satisfying individual needs. Many employees prefer out of job work. They should be assigned jobs according to their interests.

Reengineering of jobs enriches jobs, as employees preferring routine jobs are given routine jobs. Low skilled employees are given low skilled jobs. Job preferences depend on numerous factors such as the nature of jobs, pay, complexities, working conditions, attitudes of management, nearness to home, job security, physical functions and so on. Nearness to home has been a very influential factor in the case of bank employees in India. Many prefer to be class III employees, as promotion to officer rank involves transfers to other places. While reengineering jobs, all these factors are thoroughly considered. Scientific management for specialization, job enrichment for vertical movement, and job enlargement for horizontal expansion have also been considered under job reengineering.

Under job reengineering, a higher order of needs is to be fulfilled, as many employees prefer higher standards of living. Redesigned jobs should be worthwhile and meaningful to employees. A job is meaningful when an employee considers that the accomplishment is the result of his personal effort. He is assigned responsibility for the success and failure of the performance. It is a case of job autonomy wherein employees have freedom to perform jobs for accomplishment demonstration. Higher need oriented people prefer job autonomy to job routine. Apart from this, the internal worthiness of the job is essential. This is known as task identity, where employees should be well aware of all the relevant components of a job so that job accomplishment is easily achieved.

Too much specialization and limiting of job design hampers the performance. If workers have knowledge of machine operation, maintenance and repair, they feel satisfied as they are recognized for these jobs. This is task variety which provides satisfaction to employees. The employees should also perceive that the task is socially and organizationally significant. The task significance makes employees feel satisfied about the worthiness of the job. Employees assign meaningfulness to the job when the job provides feedback about accomplishment. Satisfaction will not be obtained unless some form of feedback is provided to the management by the employees, co-workers, supervisors and customers.

Thus task identity, variety significance; autonomy, feedback and job autonomy have significant roles in job reengineering. While redesigning jobs, all these factors are considered. Michael Hammer has defined reengineering as 'the fundamental rethinking and radical redesign of business processes by application of variety of tools and techniques focusing on related customer oriented core business process to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed.' The concept of reengineering can be applied to any level of management, but Michel Hammer has considered custom-oriented designing

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and reengineering as more important for the survival and growth of a company. Customer service in banks has drawn considerable attention. Many banks in India have started reengineering jobs. Reengineering is not restructuring, as reengineering aims at redesigning the process and finding radically different ways of carrying out the existing process. Restructuring aims at organization structure. Reengineering is a series of activities, whereas restructuring is the reforming of organizational structure.

Reengineering has improved customer service with the use of computers in different areas of service and industry. Reengineering involves new technology and change in process of working. It helps increasing growth opportunities, quick decisions, learning of skills, early accomplishment of tasks, effective interaction and inter-communication. The drawbacks of reengineering, i.e., retrenchment and layoffs, personal discomfort and other mechanical problems can be reduced by proper and adequate training. Motivation based on performances helps to achieve the objectives of reengineering. Wide changes and internationalization have necessitated reengineering of jobs as the successful redesigning of managerial practices as well as consequential restructuring of an organization adds value to the product, services and money. Reengineering dispenses with the traditional forms of work process.

6. Task accomplishment

The jobs are designed to accomplish tasks, which are mainly related to productivity, effectiveness, economy and efficiency. The production per unit of input should constantly increase for the development of an organization. Effectiveness is related to the achievement of objectives. Economy and efficiency are respectively concerned with financial and human resources management. The job should be designed in such a way as to achieve these tasks.

7. Employee responses

Employee responses have been discussed under job satisfaction, turnover and absenteeism. Job design has a direct impact on these points. Poor designs cause low satisfaction, high absenteeism and low turnover.

8. Feedback

Feedback provides information from employees to the management and also to employees by the management that may help in improvement. It is essential to know how employees are working in the organization. The feedback helps to understand the stability of job content and context. Daily and weekly reports are prepared to assess the work process.

Job designing is primarily concerned with job content and context. It decides the tools and techniques, mechanical pacing, repetitiveness, skill and social interaction required.

Job Design Strategies

Job design strategies discuss the relationship between job design dimensions and employee's need, the interpretation concepts, job characteristic dimensions, critical psychological states, personal and work outcomes and employee's growth needs and the original implementation concept. Implementation concepts include varied tasks, their combinations, forming natural work units, establishing client relationships, vertical loading and opening feedback channels. The various tasks of an organization are identified and recognized for proper design of job strategies. Thereafter, a task combining process is exercised. The highly specialized tasks are segregated and put together. A scientific management approach is exercised by combining higher specialized tasks into one work module. The combining of tasks is based on task variety and identity.

This facilitates understanding of jobs and designing. The combining task is not only a necessary step in design strategy, it is the first and foremost step which is adopted before forming natural work units. The efficiency and effectiveness of job design depends on the natural work group formation. A natural group process helps in the smooth continuity of job. Marketing, production and human behaviour will move forward smoothly. Effectiveness of job design depends on the natural work group formation. Task identity and task significance is easily realized, which helps establishment of client relationships. Employees get new perspectives by the establishment of direct relationships with clients. When employees get an opportunity to interact directly with clients, they feel a sense of satisfaction. When customers are given facilities to meet employees to express their grievances, satisfaction and mutual trust is enhanced, which helps in developing quality of production. The meaningfulness of the job and the performance of organizations are increased. This procedure helps job enrichment. The attitudes of the employees are expanded along with job enrichment functions. Vertical loading becomes instrumental for the better performance of the organization and job satisfaction to the employees. Many improvement- oriented activities such as quality-checking, work section, decision schedules, deciding work methods, etc. are developed. Employees feel happy with the autonomy, task variety, identity and significance.

Core characteristic dimensions

Core dimensions in job design are factors which directly affect attainment of individual satisfaction while the employees are at work. They are mainly characterized as task variety, identity, significance, autonomy and feedback. Individual satisfaction differs because of different perceptions of these factors by employees. A supervisor may feel highly contented. It indicates that core dimension characteristics are influenced by the psychological states of individuals for employee's satisfaction and growth.

Job characteristics, viz., job variety, autonomy, identity, significance and feedback, are supported by employees with a high growth need. In other words, individual job dimensions are reengineered or combined and redesigned to help high profile employees to continue in the organization. They are required to develop other people and low profile employees. Employees' education, cultural values and past family records contributes towards job reengineering. Highly qualified employees prefer sophisticated jobs and a challenging atmosphere. Intrinsic work values, job content factors, achievement oriented extrinsic values and other related factors help in redesigning jobs and implementing them with success. Employees with intrinsic value, i.e., job-oriented achievement, skills and challenges, are more competent than employees with extrinsic values, i.e. friendship, affiliation, etc. People who aim at higher growth react highly to job characteristics such as job identity, etc. Growth oriented employees are more satisfied with job reengineering than value attached employees. Individual characteristics such as desires, wants, learning, work outcomes, design, structure, response, etc. have been observed as influencing factors for the success of reengineering. Job characteristics are influenced by work outcomes, job expectancy and extrinsic and intrinsic values of employees.

Psychological states

Workers' psychology has a direct impact on personal needs and work performances. Their perception of learning, personality, experience and knowledge are helpful for maintaining a stable psychological balance. If the psychological states are at a lower level the employees are satisfied with a lower level of performance. The expectation of performance decides the satisfaction level. Expectations are the determinant of

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psychological tenets. Similarly, higher order psychological needs suggest an employee's growth need and strength. Many employees have strong growth needs and have a desire for increasing their knowledge and abilities. An accountant seeks a new design of functions for self-satisfaction and higher performance. Some employees have a liking for challenging tasks so they prefer to adopt tough and strong jobs. Where employees are growth oriented, they prefer redesign and on the contrary if the employees are satisfied with their present job, they do not like transfer and change in their work designs. Many Indian employees prefer no change at all, even though it would bring many growth opportunities, as employees who believe in keeping low profile are unwilling to develop themselves. The dimensions of a job are governed by psychological states of mind. People who need high growth are positively motivated with their jobs, whereas people uninterested in growth may not be satisfied with job dimensions. Employees who are not growth oriented react adversely to jobs that are high in core job dimensions, viz. task variety, identity, autonomy and significance. People's feelings of stretching their abilities and skills, encourage them to perform their jobs effectively. Job enrichment and job favourable atmosphere aim at improving people's growth, need and strength. High growth need employees react favourably and low growth need employees react adversely to job reengineering. However, there is no hard and fast rule for such categorization. High growth need and higher strengths may be negatively influenced in some unfavourable situation, whereas low growth need employees may be motivated to work hard at some favourable time and place. Therefore, job re-engineering should be taken as accepted by high profile people and negated by low need employees.

Work outcomes

Growth-oriented employees perform their jobs for better performance and satisfaction, provided they get internal work motivation and high quality performance. If they find a favourable atmosphere, they are encouraged to exercise their psychological states. Similarly, employees with lesser needs may be encouraged and willing to adopt job reengineering, if they are assured of high satisfaction and awards for higher turnover. Management should adopt flexible attitudes towards employees, because rigid attitudes and influential categories may cause problems to the corporation. At a particular place of time, employees may react favourably although they may have a low need profile. High profile employees may work negatively if they are not treated properly at a point of time and are not given due importance at some place. In spite of these categorizations of high and low growth need, employees are plain and high desiring people who should be given opportunities to understand job reengineering and adopt them happily.

Employees may develop higher growth needs over a number of years. Making employees satisfied helps them to understand job reengineering. They prefer job changes and better redesigning. Once employees are developed, they prefer growth, changes and reengineering. Meanwhile, employees who do not get opportunities for development may return to their original low growth needs. Corporate units are responsible for developing a favourable atmosphere for achieving success in reengineering. Employees who need lesser growth, if converted to high growth needing employees by the corporate sector, would like to develop the organization. On the contrary, high growth needing employees who are not getting new challenging positions and reengineered jobs will prefer to shift to other organizations. Employee behaviour is dependent on their perceptions, work outcomes and job characteristics. Attempts are being made for accurate and reliable diagnosis. The job characteristics model has become a core factor for success of job reengineering. Giving significance to task variety, identity, autonomy, significance and feedback has helped the success of job reengineering.

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CHECK YOUR PROGRESS

13. What is the primary function in job designing?
14. What does the process of job reengineering involve?
15. Why is job rotation helpful?
16. What is the advantage of job enlargement?

2.5 RECRUITMENT

If the HR department fails to identify the quality and the number of persons to be recruited and also fails to procure the services of persons with required qualifications, skill and calibre continuously, a time may come ultimately when all the qualified persons have retired and no qualified person remains in the organization. Therefore, the importance of recruitment and selection of the right type of persons at the right time is indispensable to the organization.

Meaning and Definitions

Recruitment is a process designed to attract a qualified pool of job applicants to the organization. It is important to ensure that there is compatibility between the job and the applicant. Before the recruitment efforts can began, the requirements for the jobs to be filled must be clearly specified. These requirements can be established by job analysis, job descriptions and job specifications.

Job analysis, as you have already learned in the previous unit, is an orderly study of job requirements and involves systematic investigation relating to the operations and responsibilities including knowledge, skills and abilities required for the successful performance of a job· The information collected includes work activity as to what is being done, nature of the physical environment, type of equipment and tools used, performance standards and personal attributes of the worker such as skills, training, experience and so on. Job analysis forms the basis for job description and job specification.

You have also learned in the previous unit that job descriptions are written statements that outline the duties and responsibilities involved in performing jobs. It is a tangible outcome of job analysis as to 'who does what, when, where, how and why.' A job description generally contains information which includes job identification, brief summary of the type of job, duties performed, type of machinery handled, working conditions and so on. Job descriptions clearly communicate to workers as to what they are required to do and this reduces confusion and misunderstanding.

Job specifications define the characteristics of the individuals who should be hired for the job. These specifications relate to:

- **Physical characteristics:** These include general health, height and weight, vision, endurance level, hearing, colour discrimination, reflexes, motor coordination and so on.
- **Psychological characteristics:** These include mental dexterity, emotional stability, maturity, patience, aggressiveness, outgoing nature, poise, initiative, drive, leadership qualities, cooperative spirit, conversational ability and so on.
- **Responsibility:** This involves supervision of others, responsibility for safety of others and so on.

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- **Other characteristics:** These may be, for the record, age, sex, education, experience, training required, fluency in languages and other sensory demands such as sense of sight, smell or hearing.

Once a complete job analysis has been completed and manpower needs have been determined, then management can begin the recruitment process. The recruitment may be internal to the organization or the prospective candidates can be drawn from outside sources. To what extent the internal sources or external sources for recruitment would be used would depend upon the specific environment of the organization as well as its philosophy of operations. Some companies prefer to promote from within for key positions because these persons know the company well. Others prefer to hire from outside because the outside personnel do not know the company so that they can bring some new and fresh ideas into the company.

According to Flippo, recruitment is 'a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization.'

In the words of Mamoria, 'Recruiting is the discovering of potential applicants for actual or anticipated organizational vacancies.'

Sources and Processes of Recruitment

Basically, the sources of recruitment are of two types: internal and external.

Internal sources

Internal sources include personnel already on the pay roll of an organization. Filling a vacancy from internal sources by promoting people has the advantages of increasing the general level of morale of existing employees and of providing to the company more reliable information about the candidate. Internal sources include promotions, transfers, and response of employees to notified vacancy. Employee referrals and former employees also constitute the internal sources of recruitment. Let us discuss these five types of sources.

1. Promotions

Promotions from among present employees can be a good source of recruitment. To be effective, promotion requires using job posting, personnel records and skill banks. Job posting means notifying vacant positions by announcing at staff meetings, posting notices and inviting employees to apply to notified vacancies. Examining personnel records may help in identifying talented employees for higher positions. Skill banks are a list of employees who have specific skills. Promotions have several advantages for the organization as well as its employees, such as:

- It builds morale among employees as organizations consider them for higher positions.
- It is cheaper than going for outside sources.
- Internal employees are familiar with the organizations.
- Promotion when carefully planned acts as a training device for developing employees for higher level jobs.
- It improves the probability of a good selection since the person is already known to the organization.
- It encourages competent individuals who are ambitious.

Here it should be noted that promotions can be dysfunctional to organizations as the advantage of hiring outsiders who may be better qualified and skilled is denied.

Promotion also results in inbreeding and discourages new blood from entering the organization which is not good for it.

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2. Transfers

A transfer is a change in job assignment. It does not involve a change in responsibility and status. A movement of an employee between equivalent positions at periodical intervals is calls as 'transfer'. A transfer, therefore, does not involve in a change of responsibility or compensation. Transfers are normally made to place employees in positions where they are likely to be more effective or where they are likely to get greater job satisfaction. Transfers are often important in providing employees with a broad-based view of the organization.

3. Response of employees to notified vacancies

Employees who are qualified but are doing jobs below their educational qualifications or skill level may respond to notified vacancies. This practice is not followed for senior positions which are generally filled with people hired from outside. When employees respond to notified vacancies, examining personnel records is desirable. It helps to track persons who have the potential for further training or those who have the right background for the vacant positions.

4. Employee referrals

Employee referrals can also be treated as a good source of internal recruitment. This source is usually one of the most effective methods of recruiting because many qualified people are reached at a very low cost to the company. Therefore, when vacancies are notified it is also necessary to bring this information to the employees by posting notices, circulating publications or announcing job vacancies at staff meetings. In an organization with large number of employees, this approach can provide quite a large pool of potential organization members.

Employee referrals can help employees to develop good prospects to their family members, friends and can induce them to apply for vacancies in the organizations. Most employees know from their own experience about the requirements of the job and what sort of persons the company is looking for. Often employees have friends or acquaintances who meet these requirements.

5. Former employees

Former employees can include those who have worked on part-time basis and now desire to work on a full time employment, retired employees or those who have left the company for some reason but are now willing to come back and work. Former employees are a good internal source of recruitment. They have the advantage of knowing the organization, which, in turn, know the performance of these people.

Merits of internal sources of recruitment

The merits of internal sources of recruitment are as follows:

- They absorb people already acquainted with the company culture.
- They provide tried and tested people on whom the company can depend.
- They are a useful signal to employees that assures them that their services are recognized, which helps in maintaining their motivation and morale.
- They reduce labour turnover as it gives employees a sense of job security and opportunity for advancement.
- They minimize job training.
- They are less costly than the other sources of recruitment.

Demerits of internal sources of recruitment

Internal sources of recruitment suffer from certain constraints that are as follows:

- They limit the choice to a few employees only.
- The likes and dislikes of the superiors play an important role in the selection of an employee.
- They create frustration among the unselected employees.

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External sources

External sources lie outside the organization. There are seven external sources of recruitment, which are discussed as follows:

1. Advertisements

Advertising in newspapers, trade journals and magazines is the most frequently used method. In order to be successful, an advertisement should be carefully written. If it is not properly written, it may not draw the right type of applicants or it may attract too many applicants who are not qualified for the job.

2. Employment exchanges

An employment exchange is an office set up for bringing together as quickly as possible candidates searching for employment and employees looking for prospective employees. The main functions of employment exchanges are registering job seekers and their placement in notified vacancies.

3. Campus recruitment

Sometimes, recruiters are sent to educational institutions where they meet the placement officer or the faculty members who recommend suitable candidates. This system is prevalent in USA where campus recruitment is a major source. However, today the idea of campus recruitment has slowly caught up the fancy of Indian employers too.

4. Unsolicited applicants

Unsolicited applicants are another source. Some candidates send in their applications without any invitation from the organization.

5. Labour contractors

Many organizations employ labour contractors to hire workers. This method is usually resorted to when the work is of a temporary nature.

6. Employee referrals

Friends and relatives of present employees are also a good source from which employees may be drawn.

7. Field trips

An interviewing team makes trips to towns and cities, which are known to contain the kinds of employees required. In this method of recruitment, carefully prepared brochures describing the organization and the job it offers are distributed to the candidates before the interviewer arrives. The arrival dates and the time and venue of interview are given to the candidates in advance.

8. Web recruitment

In accordance with the research by the Society for Human Resource Management, the Internet is used by 96 per cent of all job seekers. This makes it the most commonly used mode of searching. On the other hand, Internet is used by 88 per cent of recruiters to advertise for new opportunities and vacancies. This approach is considered cheaper, faster and highly efficient by firms and candidates. Applicants can make use of a

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number of websites that can be availed on the Internet, for this purpose. The applicants can make use of these websites for submitting their resumes and similarly, prospective employers can check these resumes for candidates who may suite their requirements. These websites also have a system to match the requirements with the skills of the candidates. Recently, firms have found it more convenient and effective to construct their own websites, wherein they advertise the job vacancies. Websites prove to be speedy, convenient and cost-effective for applicants who use the Internet to submit their resumes. The resumes are then converted into a standard format that uses the software to make a short list of candidates. This is in accordance with the set criteria such as qualifications, experiences, etc. The requirements are furnished by the HR department which also generates the profiles of candidates from the company's database.

- **Recruitment alternatives:** Recruiting sources are equipped for locating and hiring full-time and permanent employees. Nevertheless, economic facts, combined with the trends of management such as rightsizing, have caused the emergence of slightly different focus. A large majority of companies is presently hiring temporary employees, leased employees and are using independent contractors.
- **Temporary help service:** This proves to be valuable when meeting short-tem fluctuations in the need for human resource management Temporary employees prove to be specifically. Though they are traditional in their way of handling office administration, yet temporary staffing services have expanded to a broad range of skills. It is possible to hire temporary computer programmers, accountants, technicians, administrative assistants, etc.
- **Leased employees:** Leased employees tend to be with a firm for a long time. They work and are employed with the organization in accordance with a leasing arrangement. If a firm is on the lookout for employees who are specifically skilled, it gets in touch with leasing firms. These firms cater them with leased employees. Leased employees are trained well. The leasing firm screens them, as required and gives them proper training. They are assigned to organizations with absolute guarantee. In case a leased employee does not perform, the organization is given a replacement or the paid fee is returned. This is also beneficial to the employee who is being leased. There are a few workers who like their lives to be flexible. When they are on lease, it allows them the choice to work at their convenience and for as long as they desire.
- **Independent contractors:** Independent contracting is an alternative method of recruitment. Firms may prefer hiring of independent contractors for specific jobs that are located within or outside its premises. The system of independent contracting is beneficial for the organization as well as for the worker. In this case, the worker is different from an employee, since it is more economic for the company with full or part-time employees, in terms of social security schemes such as provident fund, insurance, gratuity, etc. In addition, this is also a good way to keep ideal workers in association with the firm. If an individual is allowed the freedom to work from home, as per his convenience of time, it is beneficial to both, the firm and the individual.

9. The employment exchange

The employment exchange is also an important external source of recruitment.

The Employment Exchanges (Compulsory Notification of Vacancies) Act was enacted in 1959 to provide for compulsory notification of vacancies to the Employment

Exchanges and for the rendition of returns relating to Employment situation by the employers. This act came into force with effect from 1st May, 1960.

All establishments in public sector and such establishments in private sector excluding agriculture, where ordinarily 25 or more persons are employed come within the purview of the Act. These establishments are required to notify all vacancies (other than those exempted) to the appropriate Employment Exchange as notified in the official Gazette by the State Government in the prescribed format.

This Act will not apply to vacancies in any employment in agriculture (including horticulture), domestic service, unskilled office work , employment connected with the staff of parliament, and if the total duration of the vacancies are less than three months.

The establishments are also required to render quarterly employment return in Form ERI for every quarter ending 31st March, 30th June, 30th September and 31st December and biennial occupational return in Form ER-II once in two years viz., by Private Sector in odd years and by Public Sector in even years.

As per the provisions of this Act, persons authorized by the government shall have access to any relevant records of the employer. They are also empowered to inspect or take copies of relevant records or document. Penal provision of imposition of fine for any offence has been made for violation for various provisions of this act.

Merits of external sources of recruitment

The merits of external sources of recruitment are as follows:

- Fresh talent and skill come into the organization.
- New employees may try to change old habits.
- New employees may be selected at the latest terms and conditions of the organization.
- Highly qualified and experienced employees may help the organization to boost performance.
- Since persons are recruited from a large market, the best selection can be made. In other words, the recruiter has a wide range of candidates to choose from.
- They provide the requisite type of personnel having the required skill and standard.

Demerits of external sources of recruitment

The constraints of recruitments using external sources are as follows:

- They reduce the morale of existing employees because outsiders are preferred to fill up superior vacancies.
- They deny carrier advancement for existing employees.
- Proper evaluation may not be possible due to the time constraint resulting in faulty selection.
- Outsiders not being acquainted with the policies and procedures of the organization need training, before they can deliver.

From all this, we can conclude that there is no hard and fast rule whether the recruitment must be internal or external or exclusive to each other. The best management policy regarding recruitment must be to first look within the organization and if no able talent is available, external sources may be looked at. To use the words of Koontz and

O'Donnell, 'The (recruitment) policy should be to 'raise' talent rather than 'raid' for it'.

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Constraints

Some constraints might crop up while placing an employee on a job. These problems could include:

- Employee's expectations from the job are not matching with reality.
- Expectation from the employers are more than the employee's ability or skills.
- Technological changes might result in mismatch between the job and the employee.
- Change in the organizational structure may result in changes in the job. These changes result in a misfit between the employee and the job.

Recruitment policy

A policy is a directive providing a continuous framework for executive actions on recurrent managerial problems. A policy assists decision-making. However, deviations may be needed, as exceptions and under some extraordinary circumstances. Such a policy asserts the objectives of the recruitment and provides a framework of implementation of the recruitment programme in the form of procedures.

The essentials of policy formation may be listed as follows:

- It should be definite, positive and clear. Everyone in the organization should understand it.
- It should be translatable into practice.
- It should be flexible and at the same time should have a high degree of permanency.
- It should be formulated to care all reasonable anticipated conditions.
- It should be founded upon facts and sound judgements.
- It should conform to economic principles, statutes and regulations.
- It should be a general statement of the established rules.

Therefore, a well-considered and pre-planned recruitment policy, based on corporate goals and needs, may avoid hasty decisions and help the organization to appoint the right type of personnel.

According to Yoder, 'A recruitment policy may involve a commitment to broad principles such as filling vacancies with the best-qualified individuals... It may also involve the organization system to the developed for implementing recruitment programme and procedures to the employed'. Therefore, a recruitment policy involves a commitment by the organization to principles, such as:

- To find and employ the best qualified persons for each job
- To retain the best talent by offering life-time carriers
- To facilitate personal growth on the job

Conditions necessary for a good recruitment policy

A good recruitment policy must satisfy the following conditions:

- **Organization's objectives:** A good recruitment policy should be in conformity with the organization's objectives. It must take into consideration the basic parameters for recruitment decisions.

- **Identification of recruitment needs:** A good recruitment policy should be flexible enough to meet the changing needs of an organization. The recruiters should prepare profiles for each category of workers and accordingly work out the employees' specifications.
- **Ensuring long term employment opportunities for its employees:** A good recruitment policy should be so designed by the organization as to ensure career growth for its employees on a long-term basis. It should help in developing the potentialities of employees.
- **Preferred sources of recruitment:** A good recruitment policy should match the qualities of employees with the requirements of the work for which they are employed. The preferred sources of recruitment, which would be tapped by the organization for skilled or semi-skilled workers could be internal sources or employment exchanges, whereas for highly specialized managerial personnel, external sources could be preferred.

Approaches to recruitment

The various approaches of human resource management converge on the techniques of recruiting and selecting. These approaches emphasize on the benefits of interviews, overall assessment and psychometric testing for selecting employees. Recruitments could either take place internally, externally or online. These comprise of a hierarchy of policies pertaining to recruitment, advertising, nature of job, applied process of the job, interviews, assessment, etc. For a recruitment process to succeed, the following factors should be thoroughly analysed:

- The job
- Conditions of the labour market
- Process of interviewing
- Psychometric tests to determine the potentials of applicants

Recruitment is the principal feature of the process of managing. Any fault in recruitment leads to the emergence of problems that can harm any firm. Its adverse effects impact the level of profits and also lead to unsuitable recruitment of staff with skills that do not match the positions for which they are being hired. The possible outcomes of recruitment which lacks adequacy are deficiency of labour, difficulties in taking managerial decisions, etc. The concepts of good management can be used for the betterment of the recruitment and enhancing the quality of managerial decisions. Recruitment is a complex process that requires decision-making at the managerial level. This decision-making combines with in-depth planning for employing the most appropriate workforce. Commercial firms compete to recruit manpower with the best potential. This has resulted in more focus on innovating and the process of managerial decision-making, as the panel of selectors is more focused on choosing employees who would comfortably fit the corporate culture, ethics and climate that is specific to organization. The managerial selection panel would be keen to recruit employees who are potentially good as team players. This factor is very significant for any position in the junior management.

2.5.1 Recruitment Process in India

The main objective of the process of recruitment or employment is to introduce a selection of qualified candidates for every post that is vacant and needs to be filled in. An ideal recruitment process is that which provides equal opportunity for every individual. The most important factor here is the important difference in qualifications for every post with respect to the local needs of the organization. The main aim is to have a candidate who is most suitable for the position.

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Employment offers

A written offer of employment should be made to the candidate selected for the post. A verbal offer can cause significant problems if there is any disagreement later about what was actually offered.

The offer should confirm the following:

- The details given in the job description with any amendments following the interview
- The starting salary, start date and contract completion date

It should also:

- Be made subject to satisfactory personal, professional, criminal and health checks
- Specify a probationary period
- Be written in clear and unambiguous language

The candidate should return a signed copy of the offer confirming acceptance.

Contract of employment

One can never imagine purchasing a house without a written contract that lists all the details of the transaction. It is not possible to purchase a car without a signed contract that has the details pertaining to the cost of the car and the payment conditions. It is not possible to get a credit card without a formal application contract that is duly signed. So what is the reason behind people accepting job offers, as a routine, without a written contract?

A job provides the basic source of the income that you use to pay for your house, your new car and credit cards, yet a very small number of people sign written contacts with the firms that they are working with, detailing the terms of their employment. However, CEO's and other managers at senior levels do have written contracts that cover their jobs, but why not all of us? A large number of employees would benefit from a written contract that indicates how all of them would be treated in the organization, how we will be compensated, what we'll be doing, and more. Otherwise, what governs all of the time we spend away from our families five or more days a week? It is important and prudent to ensure that promises made at hiring time will be respected during the course of employment.

Problems with verbal job offers

Following may be the problems with job offers that are not in writing:

- Different people may interpret it in different ways. This can lead misunderstanding and disputes.
- There are possibilities that the person who has made certain oral promises has left the organization, so there is no proof of the commitments made.
- The manager may not have been authorized by the company to make certain promises to you, and the company may refuse to stand behind the manager.
- Unless the promises made at hiring time are somehow secured, it can be difficult or impossible—and costly—to enforce them.

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An offer letter is not enough

Generally, employers provide newly hired employees offer letters. This is a written document that functions as a contract, except that these letters often include statements that negate their contract value. Problematic statements include 'the terms of the offer letter are subject to change in the future' and 'new employees agree to and are bound by the terms of our employee handbook'. Usually, the new employee is not able to see the handbook until after he is part of the organization and the handbook almost always states that it is subject to change at any time by the company.

At will: The mistake companies make

The number one reason employers are reluctant—or refuse—to provide an employment contract to the vast majority of employees is because the company reserves the right to be able to fire the employee if it feels that they are not performing and the contract does not restrict the company to do so.'

In simple words, when a company hires someone at will, it can fire the employee for any or no reason at any time. (Likewise, the employee is free to quit the job.) Most states in the US are considered 'at-will' states, where the legal presumption is that, absent a contract stating otherwise, all employees are at-will employees and employers can fire them for any or no reason at all (other than for reasons of discrimination, of course).

But companies confuse at-will employment with employment contracts. Employers often believe that having a contract with an employee automatically eliminates the freedom of at-will status. This is simply incorrect. A true contract defines a term of time for the employment period, making the arrangement predictable for both parties. It can include an at-will clause. An essential part of the employment contract should be the term, or length of time, of the agreement, which may be six months, a year, or at will, which means 'for as long as both the parties agree to keep it going but either party can end it at any time.'

Benefits of a good employment contract

If any company misunderstands at-will employment, it misses the clarity and benefits offered by employment contracts. A well-written employment contract settles disputes regarding an employment which becomes a much simpler and less expensive proposition for both sides. As with any contract, at the first sign of a dispute, the contract can simply be reviewed to confirm the rights and responsibilities of each side. If the contract is not being upheld by the employer or employee and it can't be resolved by discussion or negotiation, then a lawsuit may be filed. But of course, a central reason for a good contract is to avoid litigation. When there is a written agreement to refer to, the decision of who is right or who is wrong may be decided quickly as a matter of contract law, rather than as a protracted matter of 'he said-she said.'

A good contract protects promises

An employment contract does not have to be a long, difficult document. It can be tailored for any employee. First and foremost, the contract should protect promises made by both parties, at the time of hiring. Both, an employee and an employer should look for the following simple but very important terms in a contract:

- Position being offered and accepted
- Compensation that will be paid
- Whether the employment is for a set length of time or at will

- Specifics regarding vacation time and sick leave and whether such time accrues from year to year
- Responsibilities of both parties with regards to the work to be done and the work environment

The contract should be signed by the company and the employee. If you are an employee, you should store a copy in a safe place, like the safe deposit box where you keep the deed for your house and the title for your car. The contract for your job is at least as important as those documents.

Employment contracts are good for everyone

A written contract benefits both the employee and the employer because it makes a clear, definitive record of what everyone is agreeing to at the time of the agreement. These contracts are not just for executives, though an employment contract for an executive will be more complex and detailed than for a staff employee or a middle manager. It the details of employment are set down in writing, they promote success of the working relationship and avoid controversies.

Employment contracts are good for everyone. The main benefit for employers is that they do not have to worry about potential verbal promises made by a manager who has quit the organization. A company can, if it chooses, make it clear that the employment is not promised for any set length of time. The main benefit for employees is that they are protected if their management changes and if memories fade about promises that were made. The contract ensures promises will be kept.

Service conditions

The law of employer-employee relationship is governed primarily by service rules and regulations, standing orders or contract of employment. The service rules and regulations empower the employer to terminate the service of an employee by giving three months notice on either side or by making payment in lieu of notice, without assigning any reason and without providing any hearing opportunity to the employee before passing the order or termination of service.

Standing orders of the company certified under the Industrial Employment (Standing Orders) Act, 1946, also contain a clause stipulating abandonment of service by a workman on remaining absent for seven/eight consecutive days. Further, such clause is also contained in the Model Standing Orders of company.

The validity to the aforesaid rules and regulations have been challenged in a catena of cases before the Supreme Court. The court has held such rules and regulations as arbitrary, discriminatory and inconsistent with public policy. Likewise, the provisions of automatic termination of services in the standing orders have been held to be violative of the principles of natural justice. Some other courts have even held that such termination of service amounted to 'retrenchment' under the Industrial Disputes Act, 1947.

Probation and confirmation

Confirmation of employment post probation period: Letter to employee.

> 'This is a formal letter to employees who have completed their probation period successfully. It confirms their appointment to the new post. It aids compliance with employment legislation.'

About this document

This letter is to be used by any employer, to send to their employee when the employee has completed their probationary period of employment. This is usually after three months of employment. However it may differ, depending on the conditions that have been agreed with the employee.

This confirmation and end of probationary period letter contains a paragraph that relates to the probationary period in the employee's employment contract. This letter states that the employee's performance has been satisfactory and it confirms the employee's appointment to the designated job.

Application and features

This letter is:

- Suitable for any employee and any employer
- A formal letter that aids compliance with employment law
- Written in plain English

Contents

This letter contains the following:

- Correspondence address of employee
- Background to the letter
- Reference to contract of employment, statement of particulars as appropriate
- Confirmation of appointment

2.5.2 Selection

Having identified the potential applicants, the next step is to evaluate their experience and qualifications and make a selection. According to Yoder, 'The hiring process is of one or many '*go-no-go*' gauges. Candidates are screened; the applicants go on to the next hurdle, while unqualified candidates are eliminated.' Great attention has to be paid to selection because it means establishing the 'best fit between job requirements on the one hand and the candidates' qualifications on the other'. Faulty judgement can have a far-reaching impact on the organizational functioning. There are several advantages of a proper selection procedure, as the employees are placed in the jobs for which they are best suited. They derive maximum job satisfaction, labour turnover is reduced and the overall efficiency of the concern is increased. And finally, a good relationship develops between the employer and his workers.

Steps in the Selection Procedure

There is no shortcut to an accurate evaluation of a candidate. A variety of methods are used to select personnel. The selection pattern, however, is not common for all organizations. It varies from organization to organization, depending on the situation and needs of the organization. Therefore, there is no standard selection procedure followed by all organizations.

However, the following seven steps are commonly followed:

- Application blank
- Initial interviews of the candidates
- Employment tests

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- Interviews
- Checking references
- Physical or medical examination
- Final interview and induction

1. Application blank

In a sense, the application blank is a highly structured questionnaire in which the questions are standardized and determined in advance. An application blank is a traditional, widely accepted device for getting information from a prospective applicant. It provides preliminary information as well as aids in the interview by indicating areas of interest and discussion. In an application blank, information is generally called under the following items:

(i) **Biographic data:** This is concerned with such variables as age, gender, nationality, height, weight, marital status and number of dependents. There is very little empirical evidence to suggest that this information can be helpful in predicting on-the-job behaviours. However, this information can be used for future reference when needed.

(ii) **Education and past experience:** Educational qualifications and knowledge gained from technical institutions, etc. are needed by the employer. Today, employers look at the grade point and percentage of marks as prerequisites for a job. The reason is to eliminate those candidates who do not reach the required grade. However, the magnitude of coefficients between the grade points acquired and on the job performance is so low that too much confidence cannot be placed in them. The employer often asks the nature of duties and responsibilities involved in previous experience. Although it is often said that the best predictor of future work is past performance, little has been done to utilize it systematically for the selection process.

(iii) **Personal items:** Extra-curricular activities, such as interest in sports, hobbies, membership of association, are often required to find out a candidate's suitability for a post.

(iv) **References:** References are letters of recommendation written by teachers and/or previous employers. Asking for references is a widespread practice but there is substantial doubt as to its validity. Reference checking requires the same use of skills as required by the interviewer. Some organizations have found that by assuring the referee of absolute confidentiality, reliable and valid references have been obtained. Filling of the 'blank' by the candidate is the first step in the process of selection. In this form, the applicant gives relevant personal data, such as his qualification, specialization, experience, etc. The application blanks are carefully scrutinized by the company with reference to the specifications prescribed for the jobs to decide the applicants who are to be called for interview. The information sought in the application blank should be relevant to the objective of selection. The data submitted in an application form should help predict the candidate's chances for making a success of his job. To ensure that the information given by the applicant is true, the application blank usually carries a threat of discharge at any time after employment if the information furnished in it proves to be false.

2. Initial interview

Those who are selected for interview on the basis of particulars furnished in the application blank are called for initial interview by the organization. This is meant to evaluate the appearance of the candidate and to establish a friendly relationship between the candidate and the company and for obtaining additional information and clarification on the information already on the application blank. An interview is a face-to-face, observational and personal appraisal method of evaluating the applicant. Its purpose is not to make a detailed probe of qualifications but to refuse application forms to those who cannot be employed because of such reasons as average qualification, physical handicaps and lack of required experience or training. Preliminary interview becomes a necessity when a large number of candidates apply for the job.

3. Employment tests

For further assessment of a candidate's knowledge and abilities, some tests are used in the selection procedure. Psychologists have developed certain tests by which a candidate's ability, intelligence, etc., can be estimated. Testing is an important stage of the selection process. If tests are properly conducted, they can reduce the selection cost by reducing the large number of applicants to manageable levels. Tests are tools in evaluating the capabilities of an applicant for a position. Different tests are administered to determine the suitability of candidates for different positions. Which test is to be administered depends upon the type of the job, the skills required, the duties attached to the job, etc. The different types of tests are as follows:

(i) **Aptitude test:** Aptitude or potential ability tests are widely used to measure the talent and ability of a candidate to learn a new job or skill. Aptitude tests measure ability and skills. They enable us to find out whether a candidate, if selected, would be suitable for a job. Specific aptitude tests have been designed for jobs that require clerical, mechanical and manual abilities and skills. Aptitude tests for medicine, law, painting, and other activities are also available. The disadvantage of aptitude tests is that they do not measure motivation. On the job motivation is often found to be more important than aptitude for the job. That is why the aptitude test is supplemented by interests test and personality tests.

(ii) **Interest test:** An interest test is used to find out the type of work in which the candidate has an interest. It only indicates the interest of a candidate for a particular job. It does not reveal his ability to do it. Such tests aim at finding out the types of work in which a candidate is interested. They are inventories of the likes and dislikes of the people in some occupations. Therefore, they are useful in vocational guidance. Interest tests have been designed to discover a person's area of interest and to identify the kind of work that will satisfy him. Examples of interest tests are 'Kuder Preference Record' and 'Strong Vocational Interest blanks'.

(iii) **Intelligence test:** This test is used to find out the candidate's intelligence. By using this test, the candidate's mental alertness, reasoning ability, power of understanding etc. are judged. Intelligence tests are generally aptitude tests, although there is some disagreement on this. Mental or intelligence tests measure the overall intellectual activity of a person and enable the employer to know whether he has the mental capacity to deal with new problems. The scores on intelligence tests are usually expressed as Intelligence Quotient (IQ), which are calculated as follows:

$$IQ = \text{Mental age}/\text{Actual age} \times 100$$

Intelligence tests are useful for selection purposes and determine the future of an employee. Word fluency, memory, inductive reasoning and speed of perception are tested. There are various forms of intelligence tests for various

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age groups. One's IQ level will increase or decrease depending upon which age-level test one can pass. The administration of these IQ tests calls for much preparation on the part of an organization, and they are expensive and cumbersome as well. However, they are conducted on the assumption that intelligence testing gets bright and alert employees who can learn fast and can be trained fast.

(iv) **Performance or achievement test:** This test is used to measure the candidate's level of knowledge and skill in the particular trade or occupation in which he will be appointed in case he is finally selected. Achievement tests measure the skill or knowledge which is acquired as a result of previous experience or training secured by a candidate. They determine the admission feasibility of a candidate and what he is capable of doing. Achievement tests measure a person's potential in a given area. One example is the trade test which involves the performance of a sample operation requiring specialized skill, and is believed to be satisfactorily answered by those who have some knowledge of the occupation and trade. For example, a candidate for a driver's post may be asked to drive the vehicle.

Achievement tests are of two kinds:

(a) *Tests for measuring job knowledge:* These tests are administered to determine proficiency. Such tests are useful for stenographers, sales girls, etc.

(b) *Work sample tests:* This test is administered on the actual job. A typing test for a typist tests the skill and accuracy of the candidate.

(v) **Personality test:** Personality test is used to measure those characteristics of a candidate which constitute his personality. Personality tests are very important in the selection process, particularly in the case of appointment to the posts of supervisors and higher executives. Personality tests have a wider use in industry because they provide a well-rounded picture of an applicant's personality and because managers have to realize the importance of emotional characteristics. They assess a candidate's motivation, interests, his ability to adjust himself to the stresses of everyday life and his capacity for inter-personal relations and self-image. Personality tests are of three types:

(a) *Objective tests:* These tests measure self-sufficiency and self-confidence.

(b) *Personality tests:* These tests assess a candidate's interpretation for certain standard stimulus situations. They test a candidate's values, motives and personality.

(c) *Situation tests:* These tests measure a candidate's reaction when he is placed in a peculiar situation.

In recent years, tests have become an integral part of the selection process in different types of organizations in the country. It is more so in a majority of government undertakings. Testing is an important stage of the selection process. If tests are properly conducted, they can reduce the selection cost by reducing the large groups of applicants to manageable levels.

4. Interviews

After putting the candidates to various types of tests, all those clearing the tests are finally called for interview. The interview is perhaps the most intricate and difficult part of selection procedure. Interviews are conducted to test the capabilities of the candidate to occupy a particular post. They determine his knowledge, experience, skill, intelligence, general perception, mental and psychological reflexes, capacity to perceive things quickly and capabilities to take quick and immediate decisions. Interview is probably the most widely used selection tool. It is a selection technique which enables the employer to view the total individual and directly appraise him and his behaviours.

According to Scott , 'An interview is a purposeful exchange of ideas, the answering of questions and communication between two or more persons.'

According to Biswanth Ghosh, 'The interview is a face-to-face, oral, observational and personal appraisal method of evaluating the applicant. It can also be described as a conversation with a purpose and is used almost universally in the staffing process.'

The interview consists of interaction between the interviewer and the applicant. If handled properly, it can be a powerful technique in achieving accurate information and getting access to material otherwise unavailable. If the interview is not handled carefully, it can be a source of bias, restricting or distorting the flow of communication. An interview is thus an attempt to secure maximum amount of information from the candidate concerning his suitability for the job under consideration.

Types of interviews

The different types of interviews for selection are as follows:

- **Preliminary interview:** These interviews are preliminary screening of applicants to decide whether a more detailed interview will be worthwhile. The only argument for this method is that it saves the company's time and money.
- **Extensive interview:** Extensive interviews or depth interviews cover the complete life history of the applicant. It is semi-structured in nature and utilizes questions in key areas which have been studied in advance by the interviewer. The idea of such an interview is to get a true picture of the candidate by intensively examining his background and thinking so that a correct evaluation and decision may be made. It is an excellent method for executive selection. It is, however, time consuming.
- **Stress interview:** Stress interviews are deliberate attempts to create pressure to observe how an applicant performs under stress. The stress interview may have some value for jobs where emotional balance is a key factor. This procedure was originally developed in the US military service for the selection of spies. It involves putting the candidate under severe emotional strain in order to test his response. The stress inducing interview must be done carefully by trained and skilled interviewers. Emotionally disturbed persons should not be subjected to stress. It should not be done at the beginning of the interview because this can make it impossible to compare a candidate's customary behaviour with his behaviour under stress. To induce the stress, the interviewer responds to the applicant's answers with anger, silence, criticism or a flurry of incisive follow-up questions. Events such as noise, interruptions or change of schedules are introduced. The interviewer can act hostile and rouse objections.
- **Discussion interview:** In this type of interview, the candidates enter into group discussions, knowing that it is a test, but do not know which qualities are being measured or tested. The assumption underlying this type of interview is that the behaviour displayed while working on the solution of the problem is

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related to potential success in the job. A few observers watch the activities of the candidates (interviewees). The emphasis is on the analysis of the interviewer's impressions from discussions.

- **Structural interview:** Patterned or structural interview is based on the assumption that, to be most effective, every detail should be sought. Questions must be asked in a particular order, with very little deviation. Such interviews are also called standardized interviews because they are pre-planned to a high degree of accuracy. In this type of interview, a series of questions which can throw light on the candidate's background are standardized in advance and validated against the record of employees who have succeeded or failed on the job. In the interview process, these standard questions are asked as they are written; the order may be varied but not the phrasing of the questions. The basis for this approach is that a candidate's future behaviour can be judged by his past performance. The structured interview has got nothing to do with job skills. It is designed to appraise only personality motivation and skills. The structured interview was designed by McMurry to measure the personality traits that are wanted among all employees. These traits are: (a) stability, (b) industry, (c) ability to get along with others, (d) self-reliance, (e) willingness to accept responsibility, (f) freedom from emotional immaturity and (g) motivation.
- **Non-structural interview:** In the non-structured interview, the applicant is asked some very general questions, and he may reply to these in any way he likes. In this type of interview, the candidate is encouraged to express himself freely. The objective is to find out his traits, strengths, weaknesses, etc. The purpose of such interviews is to determine what kind of person the candidate really is. The basic procedure followed in this type of interview is the minimum use of direct questions. The interviewer should listen carefully without interrupting and allowing pauses in the conversation. The basic philosophy of such interviews is that a candidate is more likely to reveal his actual self while answering non-structure tests than when he answers set questions.
- **Group interview:** In this type of interview, several job applicants are placed in a leader-less discussion and interviewers sit in the background to observe and evaluate the performance of the candidates. A topic for discussion is assigned and at the beginning there is no leader. The interviewer observes how one candidate assumes leadership and how it is accepted by other members of the group. In this interview 5 or 6 candidates are placed together in a situation in which they must interact. The situation may be structured or unstructured. The selector remains silent throughout the discussion and makes notes about the candidate's interaction. The candidate who articulates better and who has a better personality is likely to be selected.
- **Final interview:** After the applicant is selected, it is advisable to sell the job to the applicant. He should be given an idea as to his future potential within the organization. He is formally appointed by issuing an appointment letter or by concluding with him a service agreement. The appointment letter contains the terms and conditions of employment, pay scale and other benefits associated with the job.

Each of the above-mentioned types of interview is conducted with a distinct purpose. All interviews are conducted to measure the capabilities of the candidates to

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occupy positions of importance. Which interview is to be conducted depends upon the type of the job, the skills required, duties attached, the type of applicants etc. At the end of the interview, the interviewer must elicit the necessary information from the candidate if possible through an evaluation form. Quite often, interview rating forms are used which require the evaluation of various factors relevant to the job which have been observed during the interview, besides getting an overall evaluation.

Interview process

As the interview is one of the most frequently used means of personal contact, it should be conducted cautiously. Generally the following steps are followed in an interview process. They are as follows:

Step 1: Reviewing background information: Before the beginning of the actual interview, it is necessary to identify the critical areas from which questions are to be asked to judge the ability and proficiency needed for the job. Pertinent information about the candidate should be collected and noted before hand. This preparation saves time and mental efforts during the interview. In case of more than one interviewer, it is desirable to hold practice and mock interviews.

Step 2: Preparing a question plan: Every interviewer should have a question plan. This is formed by scrutinizing the information given in the application form. Besides, preparing a question plan is useful for inexperienced interviewers. It will act as a guide and the interviewer will know whether he has covered all the areas of the interview or not.

Step 3: Creating a helpful setting: The place of interview should be carefully chosen. Companies should make arrangements for reception and seating so as to give an impression to the interviewee that he is an important person to whom the interviewer will devote great attention. Most interviews have overtones of emotional stress for the applicant. Success in interviewing depends on reducing this stress. Properly arranged seating should be made available. The candidates should be well-received by the receptionist. The sitting room is generally kept away from the place where the actual interviews are held so that the conversation between the interviewer and the interviewee is not overheard by other candidates. In brief, the place of interview should have privacy and comfort, atmosphere of leisure, freedom from interruptions, authentic feeling for the candidate and interest in the candidate.

Step 4: Conducting the interview: Conducting the interview is usually aimed at establishing rapport with the candidate, getting complete and accurate information from him and recording it properly. It is, therefore, necessary to use a number of different approaches during the course of an interview. These approaches are discussed as follows:

(i) **Establishing rapport:** The fundamental step is establishing 'rapport', putting the interviewee at ease, conveying the impression that the interview is a conversation between two friends and not a confrontation. A job interview can be a trying experience for the applicant. The interviewer should gain the confidence of the candidate at the very beginning by establishing rapport with him. To begin with, the interview should proceed in the form of a conversation so that the two may get to know each other, with the specific underlying purpose of getting information in certain areas. Sufficient time should be allowed to enable the candidate to reveal the facts necessary for a fair assessment of him.

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(ii) **Getting complete and accurate information:** Once the interviewee is made comfortable, the interviewer seeks answer to the questions related to the job from the interviewee. Getting complete and accurate information from the applicant is an art which calls for experience, skill and technique on the part of the interviewer. The interviewer should use the language which is clear to the applicant. Here also it is vital to ask difficult questions step by step. Starting with difficult questions can adversely affect the ensuing interaction, especially if the interviewee finds it difficult to answer such questions. Hence, it is advisable to follow the simple-to-complex sequence pattern. Some general rules to be observed regarding questioning are as follows:

- The interviewer should ask specific questions and should not try to frame questions in framing them. All questions should be prepared in advance.
- The interviewer should not be seen to be seeking certain types of answers.
- Close ended questions which call for 'yes' and 'no' should not be asked for they offer little scope to the candidate to expand his answers and give more information.
- Showing surprise at or disapproval of speech, clothes or answers to questions can also inhibit the candidate.
- The interviewer should ensure that the interview is not spoiled. He should not allow the interviewee to lead the conversation into fields which are not related to the job.
- The interviewer should have talent, experience and a sympathetic attitude so that he is able to draw out the applicant who may have a considerable potential but who may be shy and reserved in the beginning.
- Highly personal questions should be omitted until one is sure that rapport has been fully established.

(iii) **Recording of impressions:** In order to make an accurate evaluation of the interview, it is necessary that the interviewers' impressions are briefly written down. This will help the interviewer to arrive at a final judgement.

(iv) **Concluding the interview:** In the final few moments, the interviewer guides the interview to a close. The close of the interview is as important as its beginning. The interview should be closed diplomatically so that the interviewee may feel satisfied that he was given a full hearing. After the candidate leaves, the interviewer looks over his notes, recalls his impressions and makes a provisional appraisal before seeing the next candidate.

5. Checking references

The references provided by the applicant have to be checked. This is to find out the past records of the candidate. The main difficulty is ascertaining the accuracy of information given. Besides inaccurate facts, the referee's inability to assess and describe the applicant and his limited knowledge about the candidate are other difficulties in checking references. In spite of these difficulties, it is necessary to verify the information secured. In many organizations, reference checking is taken as a matter of routine and treated casually or omitted entirely.

6. Physical or medical examination

The next step is getting the candidates checked medically, if there is a need. Quite often the candidates are told to get medically examined before reporting for duty. In government and other quasi-government organizations, getting medically examined is a must before reporting for duty or at the time of reporting for duty. Medical examination is a part of the selection process for all suitable candidate in many organizations.

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The objectives of this examination are as follows:

- To check the physical fitness
- To protect the company against unwarranted claims for compensation
- To prevent communicable diseases
- To prevent injury or damage to the health of employees
- To discover existing liabilities at the time of hiring so that the company's subsequent liabilities can be assessed in case of workmen's claim for compensation for an injury
- To place persons on those jobs which they can handle without damage to their health

The main purpose of the medical examination is to see whether the candidate is medically fit to occupy a particular post and has the capabilities to withstand the physical and psychological stresses and strains required of the job. When conducted by in-service medical personnel, it is more valuable to the applicant than when done by a doctor knowing very little about the working conditions under which the job is done. For instance, in defense service, the medical examination is done by the doctors attached to each defense wing. Such an examination can predict, the possible health problems in future involving serious surgical conditions and prolonged treatment which would involve huge medical expenditure to the organization. Normally candidates are not rejected in medical examination unless they are suffering from contagious or incurable diseases or complex emotional problems. Though medical examinations are generally conducted, they often fail to detect complicated diseases because they are conducted in a casual way. Further, the validity and reliability of medical examination as a selection tool are minimum because of two reasons which are as follows:

- With growing automation, less physical strength will be required for most jobs.
- A sound physical condition is no guarantee against accidents.

To conclude, medical examination reveals whether or not a candidate possesses the required stamina, strength and tolerance of hard working conditions. Major deficiencies may serve as a basis for rejections. The basic purpose of a physical examination is to place selected candidates on jobs which they can handle without injury to their health.

7. Final interview and induction

After the candidate is finally selected, he should be told as to what his duties are, what is required of him and what his future prospects in the organization are. Normally, this information is given to the candidate at the time of final selection interview. This is the way how the candidate is inducted into the job. He is formally appointed by issuing an appointment letter or by concluding with him a service agreement. The appointment letter contains the terms and conditions of employment, pay scale and other benefits associated with the job.

The interviewer can describe the company and its policies, the duties and responsibilities of the applicant as well as the opportunities available to him for future promotion. The interviewer should in fact highlight the favourable aspects of the job.

Weighted application blank

The data that is extracted by using common and consistent job-application forms can prove to be useful for predicting the success of employees within an organization. This process is known as weighted application blank (WAB). Initially, it comprises of selecting an employee's characteristic to be gauged (in this case job tenure), identification of the questions that predict the desired employee's behavior, determination of the questions that predict power, assignment of the gauged values to each relevant question and rating the filled job-application form of every applicant, in accordance with the developed scoring pattern. The decision to hire is taken in accordance with the calculated scores of the applicants. This scoring is done on the basis of the measurement criteria. On the basis of this scoring, one can determine the minimum score, failing to reach which a prospective employee may turn out to be a risk factor for the organization. On the other hand, if the employee rating is above that minimum score, he is likely to be a good performer.

Placement

After selecting a candidate, he should be placed on a suitable job. It involves assigning a specific rank and responsibility to an employment. Most organizations put new recruits on probation for a given period of time (say six months or one year). After successful completion of the probationary period, their services are confirmed and regularized. If the performance is not satisfactory, the organization may extend the probation or ask the candidate to quit the job. The employee placement process is shown in Figure 2.2.

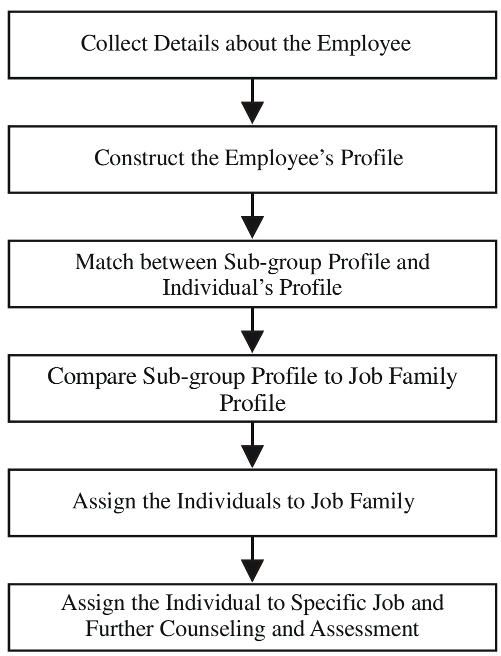

Fig. 2.2 *Employee Placement Process*

Placement is an important HR activity. If neglected, it may create employee adjustment problems leading to absenteeism, turnover, accidents, poor performance, etc. Proper placement is important to both employee and the organization. Pigors and Myers have defined placement as 'the determination of the job to which an accepted candidate is to be assigned and his assignment to that job. It is a matching of what the supervisor has reason to think he can do with the job demands; it is a matching of what he imposes in terms of strain, working conditions, etc., and what he offers in the form of pay roll, companionship with others, promotional possibilities etc'. Proper placement helps to improve employee morale. If a candidate adjusts himself to the job and continues to perform as per expectations, it might mean that the candidate is properly placed. However, if the new employee has problems in adjusting himself to the job and he continues to perform below expectations, he might be misplaced. Such new recruits should be assigned some other more suitable jobs or they must be given further training to make them fit for the job.

2.5.3 Induction

According to R.P Billimoria, induction or orientation is 'a technique by which a new employee is rehabilitated into the changed surroundings and introduced to the practices, policies and purposes of the organization'. A formal orientation tries to bridge the information gap of the new employee. When a person joins an organization, he is a stranger to it. He may experience a lot of difficulties which could lead to tension and stress for him. This in turn can reduce his effectiveness.

Need for induction

In an organization, orientation is required for overcoming employee anxiety and reality shocks and also for accommodating employees.

The needs for orientation of new employees may be summarized as follows:

- New employees experience a lot of anxiety in an organization. This is a natural phenomenon which can be overcome through orientation.
- An employee joins an organization with certain assumptions and expectations. When these expectations do not match with reality, the new employee experiences a reality shock. Effective orientation programmes help to reduce this reality shock by providing a more realistic expectation on the part of the new employee.
- Proper employee orientation helps to accommodate the new employee with existing employees by developing new acquaintances and understanding of the various aspects of the job.

Steps in the induction programme

The HR department may initiate the following steps while organizing the induction programme:

Step 1: Welcoming the new recruit to the organization

Step 2: Providing knowledge about the company: what it is, what it does, how it functions, the importance of its producers; knowledge of conditions of employment, and company's welfare services

Step 3: Giving the company's manual to the new recruit

Step 4: Showing the location/department where the new recruit will work, including specific job location and duties

Step 5: Providing details about various groups and the extent of unionism within the company. In this step the new employee is given a brief idea about the set up of the department, production processes, different categories of employees, work rules, safety precautions and rules.

Step 6: Giving details about pay, benefits, holidays, leave, etc.

Step 7: Defining the employee's career prospects with reference to the training and development activities that the company organizes with special reference to the new recruit's position.

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Content of the induction programme

Keith Davis has listed the various topics (Table 2.1) covered in an employees' induction programme.

***Table 2.1** Topics of an Induction Programme*

1. **Organizational Issues**
   - History of the company
   - Names and titles of key executives
   - Employees' title and department
   - Layout of physical facilities
   - Probationary period
   - Products/ Services offered
   - Overview of production processes
   - Company policies and rules
   - Disciplinary procedures
   - Employees' handbook
   - Safety steps
2. **Employee Benefits**
   - Pay scales, pay days
   - Vacations, holidays
   - Rest pauses
   - Training avenues
   - Counselling
   - Insurance, medical, recreation, retirement benefits
3. **Introductions**
   - To supervisors
   - To co-workers
   - To trainers
   - To employee counselors
4. **Job Duties**
   - Job location
   - Job tasks
   - Job safety needs
   - Overview of jobs
   - Job objectives
   - Relationship with other jobs

Induction Training in Some Leading Organizations of India

- **Aptech:** The company takes its new entrants through a structured induction training programme. The one-day programme includes a briefing on the company's market position, the business it is in, its functioning style, its organizational structure and its HR policies. The entrants are also familiarized with what others do before being deputed to their own departments. A six- month behavioural training is also offered in team building, self-development, customer-sensitivity, etc. Finally, the recruits are put through an appraisal process to gauge fitness and progress.
- **Maruti Udyog:** The company customizes its initiation programmes to suit the profile of the new recruit. For engineers, the programme is offered in four parts:
  (i) Familiarization with various functions and meet division heads
  (ii) Work on shop floor
  (iii) Work at various other departments
  (iv) Work in the department for about two months, where they will eventually work
- **Standard Chartered Bank:** The management trainees are picked up from premium B-schools and undergo induction training for about six months. During this period, the trainees spend time in the various divisions of the bank to get a holistic view of the bank's operations, and get a chance to meet each of the bank's business heads. A two-day session dedicated to team-building is also conducted thereafter. After taking charge of the job, the new recruits have to attend a review session about the job itself.

Source: *Business Today*, May 7–21, 2000, Page 125

Types of induction training in India

The various types of induction training in India are discussed as follows:

1. General induction programme

Once an offer of employment has been extended and accepted, the final stage in procurement function is concluded. The individual has then to be oriented towards the job and the organization. This is formally done through a process known as induction or orientation. Induction is a welcoming process—the idea is to welcome the candidate, make him feel at home in the changed surroundings and to introduce him to the practices, policies and purposes of the organization. The necessity of an induction programme is that when a person joins an organization, he may feel strange, shy, insecure and/or nervous. Induction leads to reduction of such anxieties.

2. Specific orientation programme

Specific orientation is conducted by the foreman. Induction is specific and requires skill on the part of the foreman. A new employee must be provided operational knowledge that is specific to the position and location. The immediate boss is responsible for such induction and training. Every new employee should know:

- The people he/she works with
- The work he/she is responsible for
- The result to be accomplished
- The current status of the work
- Relationships in the organization
- Reports and records that must be understood and maintained
- Operating policies, procedures and rules
- Service group available to help him

The purpose of specific induction is to enable an employee to adjust himself to his work environment.

3. Follow-up induction programme

The purpose of the follow-up induction programme is to find out whether the employee is reasonably satisfied with the job. It is usually conducted by the foreman or by a specialist from the personnel department. Through guidance and counselling, efforts are made to remove the difficulties experienced by the new comer. Usually, the follow up induction takes place after about one or two months from the time of appointment.

2.5.4 Transfer and Promotion

In this globalized world there are a number of changes taking place in an organization to meet the challenges of the modern business environment. An example of changes in the business in customer service standards—yesterday's performance of the staff is not so good for the day and may be today also the performance will be the same as yesterday. Thus, the role of transfers is crucial in this context. The promotion of an employee could also be a way which could lead to business performance improvement. A very important and main task in organization is to increase motivation and performance of the employee.

In this globalized world, companies are making change in their products and services offered, their marketing plans, change in technology, structure of the organization and change in the number of employee as per the need of changing environment. However, these transfers have their own effects. With this, organizations have changed their promotion and transfer strategies.

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Transfer

A transfer is usually a lateral move to a vacant position. A transfer within the department may provide an opportunity for an employee to assume different responsibilities and develop new skills. Transfers to other departments may also provide career development by enhancing skills and learning about other functions of the company that they are working for. A transfer does not normally result in a change in compensation.

A transfer at work is an approach to help employees develop a career path. A transfer provides experience in other areas of an employee's current department or in a new department within the business. A work transfer is a way to help an employee gain wider and broader experience within the business. It is more often available than a promotion because fewer employees inhabit each successive layer as they are promoted up the organization chart.

As managers look for ways to help employees continue to develop their skills, experience, and knowledge about the business, a transfer is an option to consider. When working with a performance development planning (PDP) process, along with promotions, a transfer provides an opportunity for an employee to learn and grow. Thus, it is motivating for employees. A transfer to a different job at work is a sign that the organization cares about and will provide opportunities for the employee's development, one of the five factors that employees want to obtain from work.

Transfers resulting from reassignment

When there is a significant business need, division/department heads have the authority to transfer employees from one position to another at the same grade and salary in the same division/department without announcing the vacancy through the posting process. In such cases, the division/department head discusses the situation and submits a memorandum to the Employment section of the Human Resources Department in advance of the reassignment, indicating the rationale for the change. In effecting such transfers, the department should attempt to make the most effective use of the skills and abilities of the employee and should consider the interest of the employee whenever possible.

Advantages of a transfer

A transfer provides a career path for an employee when a promotion is not available. It provides advantages for an employee. In a transfer, the employee:

- Gains new knowledge and skills by performing a different job that requires new skills and provides different responsibilities.
- Overcomes boredom and dissatisfaction with his or her current job by having a new and different job with changed responsibilities and tasks.
- Receives a new challenge, a chance for the employee to expand his or her accomplishments, reach, impact, and potentially, influence different aspects of the workplace and organization.
- Experience a change of scene and work environment which challenges the employee to adapt and learn to manage change. This helps to increases the employee's ability to deal with ambiguity.

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- Learn about different components, activities, and jobs in the organization and how work is accomplished in different departments or job functions. This helps to build the employee's organizational knowledge and ability to get things done.
- Prepares an employee for a promotion or broader organizational role, by expanding his or her skill set and responsibilities, and gain broader knowledge about the total organization.
- Gains visibility with a new group of coworkers and managers. Visibility for a good employee brings potential opportunities.
- Allows the employee to accomplish all of the above while retaining his or her current salary, benefits package, and company perks. A job change to achieve these same benefits might result in the loss of needed and appreciated compensation and benefits.

The word transfer is used interchangeably with the term, lateral move, although a transfer can involve a promotion. As such, in the business world, though, the employer would likely call the move a promotion.

Promotions

A promotion is a move up the organizational ladder; job rotation and transfers are lateral moves; demotions are downward moves; and layoffsmove employees out. Layoffs, in contrast to dismissals, are terminations, sometimes temporary, required for business needs unrelated to worker behaviour or performance. All of these changes bring about shifts in status, and often in pay, of the employees involved.

Promotions can be of two types—Promotion by Seniority and Promotion by Merit.

Seniority vs. merit in promotions

Seniority is an employee's *length of service* in a position, job grouping, or farm operation. *Merit*, in contrast, refers to 'worth' or 'excellence.' Merit is more difficult to measure than seniority. In the context of promotion, it relates to relevant qualifications as well as effectiveness of past performance.

Promotion by seniority

In a straight seniority system—where the only factor in allocating jobs is length of service—a worker would enter the organization at the lowest possible level and advance to higher positions as vacancies occur. In a seniority system, length of service is the chief criteria for moving up the ladder.

Advantages

- Employees get to experience many jobs on the way up the promotional ladder, provided that they stay long enough and openings develop. Jobs can be grouped into different ladders such that experience on one job constitutes good training for the next.
- Cooperation between workers is generally not hindered by competition for subjectively determined promotions.
- Workers need not seek to gain favor with supervisors (through non-productive means) to obtain advancement. If, for example, a supervisor's direction violates the interests or policy of the ranch, employees would have less fear of reprisal for not following it.

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Disadvantages

- Some employees may not be able or want to do certain jobs into which a strict seniority system would propel them.
- Ambitious workers may not be willing to 'wait their turn' for higher-level jobs that they want.
- Employee motivation to work as well as possible is not reinforced.
- Employers would tend to hire over-skilled people at entry level, so they have the capacity for promotion.

Promotion by merit

Promotions based on merit advance workers who are best qualified for the position, rather than those with the greatest seniority. When present employees are applying for a position, a worker's past performance is also considered. Effective performance appraisal helps build trust in the system.

Merit is not easy to define and measure—it often requires difficult subjective evaluations. At some point, someone has to make a judgment about an employee's relative merit. Employees may find it difficult to make a distinction between merit because it is hard to measure it in an objective way.

Advantages

- Employee job-related abilities can be better matched with jobs to be filled.
- Motivated and ambitious employees can be rewarded for outstanding performance.
- Performance is fostered.
- People can be hired for a specific job, rather than for ability to get promoted.

Disadvantages

- Merit and ability are difficult to measure in an objective, impartial way.
- Supervisors may reward their favorites, rather than the best employees, with high merit ratings.
- Disruptive conflict may result from worker competition for merit ratings.
- Unlawful discrimination may enter into merit evaluations.

CHECK YOUR PROGRESS

17. What do the internal sources of recruitment include?
18. What is the main function of employment exchanges?
19. How can employee's referrals help employees?
20. What does job posting mean?
21. Identify the constraints of recruitments.
22. What is a recruitment policy?
23. What are the important details that should be confirmed by a job offer?
24. How is a well-written employment contract advantageous for both the employer and the employee?
25. State some of the benefits of transfer within a department.
26. What is promotion?

2.6 SUMMARY

- HR planning is the process by which a firm ensures that it has the right number of people and the right kind of people at the right places at the right time doing work for which they are economically most useful.
- A plan is not complete unless the means of implementation are clear, most importantly in regard to the availability of people to carry it through.
- As each business grows and becomes more complex, it is an important responsibility for every manager to plan his/her human resource requirements systematically and carefully to ensure effective manning and continuity.
- Organizational aims influence the nature of all managerial procedures in general and of personnel management in particular.
- For achieving the objectives of the organization, the personnel planner should be concerned with the timing and scheduling of planning of human assets.
- The manpower planning and the management development processes are integral parts of the management process and their elements contribute to increasing organization capability and gaining competitive advantage.
- Analyses of organizational plans and programmes help in forecasting the demand for human resources as it provides the quantum of future work activity.
- The management has to consider the emotions, desires and merits of the employees while framing the goals of the organization.
- Rationalization of the tax structure, reduction of tariffs, encouragement of foreign investment, freeing capital issues and policy of new issues have helped industrial development and modernization of industries.
- Hygiene factors neutralize the state of dissatisfaction and pave the base for motivation with the use of motivators.
- The recruitment process is aimed at achieving a specific number and quality of workforce. This workforce is capable of supporting the organization for achieving of its goals and objectives.
- Examining personnel records may help in identifying talented employees for higher positions.
- A good recruitment policy should be in conformity with the organization's objectives.
- Recruitment is a complex process that requires decision-making at the managerial level.
- Recruitment is not limited only to applying and selecting the appropriate staff but it also comprises of retaining the same.
- There are several advantages of a proper selection procedure, as the employees are placed in the jobs for which they are best suited.
- Transfers are normally made to place employees in positions where they are likely to be more effective or where they are likely to get greater job satisfaction.
- When vacancies are notified it is necessary to bring this information to the employees by posting notices, circulating publications or announcing job vacancies at staff meetings.
- In accordance with the research by the Society for Human Resource Management, the Internet is used by 96 per cent of all job seekers.

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- Temporary employees prove to be specifically valuable when meeting short-tem fluctuations in the need for human resource management.
- Firms may prefer hiring of independent contractors for specific jobs that are located within or outside its premises.

2.7 KEY TERMS

- **Application blank:** It is a highly-structured questionnaire in which the questions are standardized and determined in advance.
- **Biographic data:** This is concerned with variables such as age, gender, nationality, height, weight, marital status and number of dependents.
- **Aptitude test:** Aptitude or potential ability tests are widely used to measure the talent and ability of a candidate to learn a new job or skill.
- **Personality tests:** These tests aim at measuring those basic makeup or characteristics of an individual which are non-intellectual in their nature.
- **Induction:** It is a technique by which a new employee is rehabilitated into the changed surroundings and introduced to the practices, policies and purposes of the organization.
- **Cybernation:** Cybernation is the automatic feedback control mechanism.
- **Re-engineering process:** It involves redesigning the process with the objectives of employee's satisfaction and attaining corporate goals which may be customer satisfaction, profit maximization, growth and image building.
- **Job enlargement:** It is the horizontal expansion of jobs to include more tasks in the job.
- **Job rotation:** It is the shifting of an employee from one job to another.

2.8 ANSWERS TO 'CHECK YOUR PROGRESS'

1. Human resource planning may be defined as a process of assessing the organization's human resources needs in the light of organizational goals and making plans to ensure that a competent and stable workforce is employed.
2. Manpower planning and management development processes are integral parts of the management process.
3. A proper HR planning improves the morale of the labour and thereby, labour productivity.
4. It is difficult to retain qualified personnel in an organization as they move from one job to another in search of better prospects.
5. There are two ways to analyze manpower requirements: demand forecasting and supply forecasting.
6. Supply forecasting includes human resource audits, employee wastage, changes due to internal promotions, and changes due to working conditions.
7. Judgemental forecasts are based on the judgement of those managers and executives who possess intensive and extensive knowledge of human resource requirement.
8. Demand considerations are based on forecast trends in business activities, while supply considerations involve the determination of where and how suitable candidates can be found.

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9. Stainer has suggested nine strategic points for HR planning. Three of them are as follows:
   (a) They should collect, maintain and interpret relevant information regarding HR.
   (b) They should periodically report manpower objectives, requirements and existing employment and allied features of manpower.
   (c) They should develop procedures and techniques to determine the requirements of different types of manpower over a period of time from the standpoint of organization's goals.
10. Technological changes and market fluctuations are the uncertainties which serve as constraints to HRP. It is risky to depend upon general estimates of manpower in the face of rapid changes in environment.
11. Job analysis is the process by means of which a description is developed of the present methods and procedures of doing a job, the physical conditions in which the job is done, the relation of the job to other jobs and other conditions of employment.
12. The purpose of job analysis is to show the management how the constituent parts of its business is being carried out.
13. Goal setting is the primary function in job designing.
14. The process of job reengineering involves redesigning the process with the objectives of employee's satisfaction and attaining corporate goals which may be customer satisfaction, profit maximization, growth and image building.
15. Job rotation is helpful because it develops a wider range of skills, flexibility and adaptability among the workers.
16. The advantage of job enlargement is that it makes the employees produce more work than what they are actually producing.
17. The internal sources of recruitment include those personnel who are already on the pay roll of an organization.
18. The main function of employment exchanges is registering job seekers and their placement in notified vacancies.
19. Employee's referrals can help employees to develop good prospects to their family members, friends and can induce them to apply for vacancies in the organizations.
20. Job posting means notifying vacant positions by announcing at staff meetings, posting notices and inviting employees to apply to notified vacancies.
21. The constraints of recruitment include the following:
    - Employee's expectations from the job are not matching with reality.
    - Expectations from the employers are more than the employee's ability or skills.
    - Technological changes might result in mismatch between the job and the employee.
    - Change in the organizational structure may result in changes in the job. These changes result in a misfit between the employee and the job.
22. A recruitment policy is a directive providing a continuous framework for executive actions on recurrent managerial problems.

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23. A job offer should confirm:
    - The details given in the job description with any amendments following the interview.
    - The starting salary, start date and contract completion date.
24. A well-written employment contract settles disputes regarding an employment which becomes a much simpler and less expensive proposition for both sides. As with any contract, at the first sign of a dispute, the contract can simply be reviewed to confirm the rights and responsibilities of each side.
25. A transfer at work is an approach to help employees develop a career path. A transfer provides experience in other areas of an employee's current department or in a new department within the business. A work transfer is a way to help an employee gain wider and broader experience within the business. It is more often available than a promotion because fewer employees inhabit each successive layer as they are promoted up the organization chart.
26. Promotion is a move up the organizational ladder.

2.9 QUESTIONS AND EXERCISES

Short-Answer Questions

1. What do you understand by human resource planning?
2. What are the uses of job analysis?
3. Identify the characteristics of job design.
4. Write short notes on job contents and job rotation.
5. What are the merits and demerits of external sources of recruitment?
6. Write a brief account on the selection procedure.
7. What is induction? State its importance.
8. What happens in promotion and transfer?

Long-Answer Questions

1. Describe the process of human resource planning and discuss it advantages.
2. Discuss the problems that are encountered in the process of human resource planning.
3. What do you understand by job analysis? Explain its processes.
4. Explain the features of various internal sources of recruitment.
5. What are the processes of recruitment? Discuss.
6. Discuss the purposes and processes of selection.
7. What are the different types of interviews for selection? Explain at least five of them.
8. What are the different types of induction training in India? Explain the benefits of induction programmes.
9. How is promotion different from transfer? Discuss.

2.10 FURTHER READING

NOTES

Diwedi, R. S. 1992. *Personnel Management*. New Delhi: Oxford and IBH Publishing Co.

Dessler, Gary. 1994. *Human Resource Management*. US, Englewood Cliffs: Prentice-Hall Inc.

Aswathappa, K. 1999. *Human Resource and Personnel Management*. New Delhi: Tata McGraw-Hill.

UNIT-3 CAREER PLANNING AND APPRAISAL

Structure

3.0 INTRODUCTION

In the previous unit, you learnt about the objectives and processes of recruitment. You also learned about the processes of selection and the need for scientific selection. This unit will focus on career, its planning, its stages and its management. Career planning and development is much talked about in today's world because youngsters are giving a serious thought to their careers well before they begin looking for a job. Most youngsters not only understand the significance of 'career' today but also have their future well planned out. However, career-related concepts are not as simple as we imagine them to be.

This unit will also discuss the concept of employee training as well as the areas and methods of training. In addition, it will explain the significance of executive development and organization development, direct and indirect compensation and importance of collective bargaining.

3.1 UNIT OBJECTIVES

After going through this unit, you will be able to:

- Discuss the concept of career and benefits of career planning
- Explain the concept of executive development and organization development
- Identify the methods or techniques of performance appraisal
- Assess the importance of managing compensation
- Explain the meaning of collective bargaining

3.2 CAREER PLANNING

Career is an occupation undertaken for a significant period of a person's life and with opportunities for progress. It describes an individuals' journey through learning, work and other aspects of life. Most of us use the term to exclusively refer to our journey through our professional lives.

Normally, employees want to advance and grow in their careers. Most individuals develop quite early in their life, the idea or a mental image of what career they would like to pursue. Unless an organization meets these desires and aspirations of its employees, it cannot make optimum use of its human resources. But organizations have their own requirements and constraints which limit their capacity to meet the employees' expectations. Career planning is an important technique for productive resolution of this conflict, between the individual and the organization.

From the employee's viewpoint, career planning can be defined as a systematic process by which one decides his/her career goals and the path to reach these goals. From an organization's point of view, career planning stands for the forward looking employment policies in which employees are helped to plan their careers in terms of their capacities within the context of organizational needs.

Aims and objectives of career planning

The principle objectives of career planning are as follows:

- To secure the right person at the right time for the right job
- To provide adequate career avenues to employees to take on higher levels of responsibilities
- To strengthen the retention programme of the organization
- To maintain a contended team of employees

Need for career planning

Career planning is necessary due to the following reasons:

- To attract competent persons and retain them in the organization
- To provide suitable promotional opportunities
- Map out careers of employees suitable to their ability, and their willingness to be trained and developed for higher positions
- To ensure better utilization of managerial reserves within an organization
- To reduce employee dissatisfaction and turnover
- To correct employee placement
- To improve employee morale and motivation by matching their skills to job requirements
- To achieve higher productivity and organization development
- To provide guidance and encourage employee's need to fulfil their potentials

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Benefits of career planning

Career planning helps employees enhance their job performance, thereby increasing the overall effectiveness of the organization. When employees are developed for future positions, the organization is assured of qualified and committed employees to replace the higher level employees. In short, career planning benefits not only the individual employees but also the organization. Table 3.1 explains the benefits of a career development system.

Table 3.1 *Benefits of a Career Development System*

Managers/Supervisors	*Employees*	*Organization*
Increased skill in careers	Helpful assistance with career decisions	Better use and management of own employee's own skills
Greater retention of valued employees	Enrichment of present job and increased job satisfaction	Dissemination of information at all organizational levels
Better communication between manager and employee	Better communication between employee and manager	Better communication with the organization as a whole
More realistic staff development	More realistic goal planning and expectations	Greater retention of valued employees
Productive performance appraisal discussions	Better feedback on performance	Expanded public image as a people developer
Greater understanding of the organization	Current information on the firm and the future	Increased effectiveness of personnel systems
Enhanced reputation as a people developer	Greater personal responsibility for career	Greater clarity of organization goals

Source: Z. B. Leibowitz, C. Farren and B.L Kaye, *Designing Career Development Systems*, Jossey-Bass CA: San Francisco (1986) Page 7

3.2.1 Career: Stages and Processes

Career can be analysed based on the career stages. There are five career stages through which most employees have to go through. These stages include:

(i) Exploration – preparation for work
(ii) Establishment – organizational entry
(iii) Early career – fit into chosen occupation
(iv) Mid-career – make appropriate choice for continuous improvement
(v) Late-career – remain productive in the job

A diagrammatic representation of the stages mentioned above is given in Figure 3.1.

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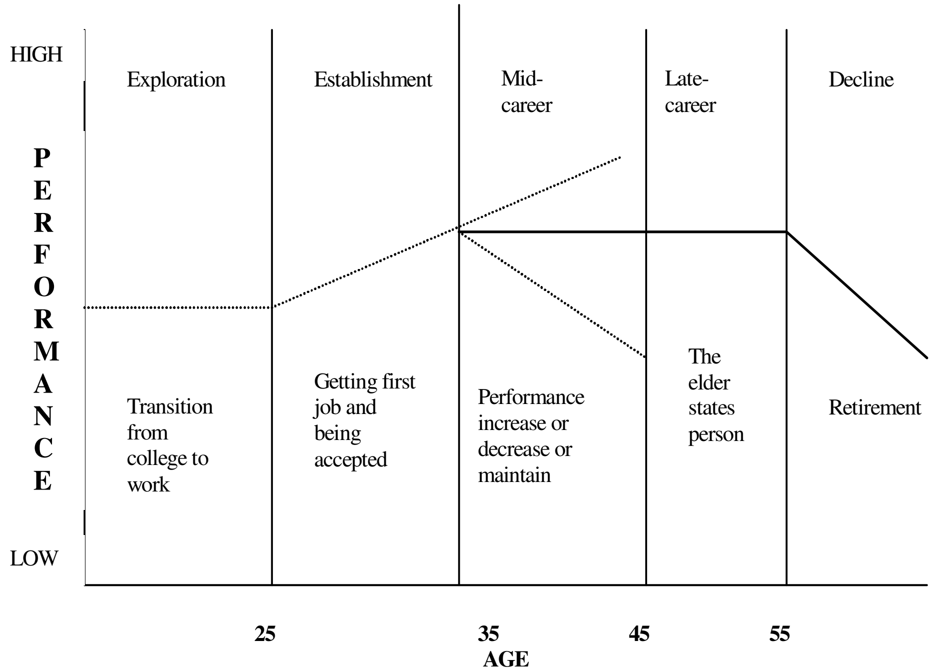

Fig. 3.1 *Stages in Career Development*

Source: Super D.E and Hall D.T '*Career Development*' *Annual Review of Psychology*

Exploration stage: This stage is a career stage that usually ends in one's mid-twenties as one makes the transition from college to work. In this stage a person prepares to be employable by developing occupational self-image, assess alternative occupations and pursue necessary education. This stage has the least relevance from the organizational point of view, as it happens prior to employment. It is in this stage that individuals must acquire the knowledge, abilities and skills they will need to compete in the market place.

Establishment stage: This is a stage where a person begins to search for work. He/she obtains job offers from desired organizations, select the appropriate job based on complete and accurate information. This stage includes getting one's first job. However, it might take many years to search for the right job. The outcome of this stage includes making mistakes, learning from those mistakes and assuming increased responsibilities.

Early career stage: This stage entails fitting into a chosen occupation and developing self-confidence working with others. The employee learns the job, understands organizational rules and norms, fits into the chosen occupation and pursues his goals.

Mid-career stage: This stage is marked by a continuous improvement in performance, levelling off in performance or the start of deterioration in performance. It is the stage of reappraisal and reaffirmation.

Late-career stage: Late career is the stage in which one is no longer learning about his or her job. The employee can rest on his laurels and gain the respect of younger employees. Here employees remain productive in work, maintain self-esteem and prepare for effective retirement. This stage is usually a pleasant stage. Table 3.2 presents a model of career stages.

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Table 3.2 *Stages in Career Development*

Stage: 5 Late Career (ages 55 – retirement):
Remain productive in work, maintain self-esteem, prepare for effective retirement.
Stage: 4 Midcareer (ages 40-55):
Reappraise early career and early adulthood goals, reaffirm or modify goals, make choices appropriate to middle adult years, remain
Stage3: Early Career (ages 25-40):
Learn job; learn organizational rules and norms, fit into chosen occupation and organization, increase competence, pursue goals.
Stage 2: Organizational Entry (ages 18 – 25):
Obtain job offer(s) from desired organization(s), select appropriate job based on complete and accurate information.
Stage 1: Preparation for Work (ages 0 – 25):
Develop occupational self-image, assess alternative occupations develop initial occupational choice, pursue necessary education.

Source: Bohlander George and Scott Snell '*Managing Human Resources*', Thomson South-Western, Australia, 2004 (Page 316).

Career and life stages are closely related, as both are linked to age and psychological issues that an individual faces. Table 3.3 presents a model of the life stage/career stage and family role/career tasks along with psychological issues.

Table 3.3 *Life and Career*

Age	***Life Stage/Career Stage***	***Family Role/ Career Tasks***	***Psychological Issues***
15 – 22	Adolescence Pre-career exploration	Single adult Finding a career Getting an education	Developing a self-identity Balancing independence with emotional support Discovering own needs and interests Developing a realistic self assessment of abilities
22 – 30	Young adult transition Early career: trial	Married adult Getting a viable first job	Balancing personal needs with an intimate relationship Developing self-confidence Working with others
30 – 38	Young adulthood Early career: Establishment	Parent of young children Choosing an area of competence Becoming a contributor	Adjustment to parenthood Maintaining an intimate relationship Deciding on a level of professional and organizational commitment Dealing with failure on first projects
38 – 45	Mid-life transition	Parents of adolescents Reassessing career abilities Preparing to be a mentor	Reassessing values Dealing with ambivalent feelings toward children Reassessing progress towards ambitions Resolving work life/personal conflicts

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45 – 55	Mid-adulthood Middle career: growth	Parents of grown children Being a mentor	Building a deeper marital relationship Dealing with feelings of loss Dealing with younger fast-trackers Using wisdom-based experience
55 – 62	Late-life adult transition Late career: maintenance	Grandparent of young children Making strategic organizational decisions Concern for broader organizational role	Developing new hobbies and activities Helping children financially and emotionally with their families Concern for the company's welfare Handling political or important decisions without getting upset
62 – 70	Late adulthood	Grandparent of adolescents Widow or widower	Dealing with increased awareness of death Coming to terms with life choices

Source: Feldman D.C., '*Managing Careers in Organizations*' Scott, Foresman Glenview IL (1988), Page 14 - 19.

Table 3.4 *Training Needs within Career Stages*

Stage	***Task Needs***	***Emotional Needs***
Exploration	Varied job activities Self-exploration	Making preliminary job choices Settling down
Establishment/ advancement	Job challenge Developing competence in a speciality area Developing creativity and innovation Rotating into a new area after 3 to 5 years	Dealing with rivalry and competition; facing failures Dealing with work-family conflicts Support Autonomy
Mid-career	Technical updating Developing skills in coaching others Rotating into a new job requiring new skills Developing a broader view of work and role in firm	Expressing feelings about mid-life Recognizing thinking about self in relation to work and family Reducing self-indulgence and competitiveness
Late Career	Planning for retirement Shifting from a power role to one of consultation Identifying and developing successor Beginning activities outside the organization	Support and counselling for seeing one's work as a platform for others Developing a sense of identity through extra organizational activities

Source: Hall D.T and Morgan M.A '*Career Development and Planning*' in Pearlman K, F.L Schmidt and Hamner W.C (eds.) '*Contemporary Problems in Personnel*' John Wiley and Sons, New York (1983), Page 229.

Career Planning

Career planning is a process to assist the employees to achieve a better match between their career goals and the opportunities available in the organization. The career planning process generally involves the following steps:

1. **Identifying individual needs and aspirations:** It is necessary to identify and communicate the career goals, aspirations and career anchors of every employee because most individuals may not have a clear idea about these. Therefore, an analysis of the employee career anchors, aspirations and goals must be done through objective assessment. This assessment is based on personnel inventory. Personnel inventory will reveal the age, qualifications, experience and aptitude of present employees. Appraisal of employees is then carried out to identify the employees having the necessary potential for climbing up the ladder and is willing to be promoted and to take up higher responsibilities. Such appraisal will reveal three categories of employees:
   (i) Employees who are already fit and willing to take up higher responsibilities.
   (ii) Employees who have the potential and willingness to take up higher responsibilities but would need training to refine their expertise.
   (iii) Employees who have the capacity to take up higher responsibilities but lack the interest or desire.

   Organizations have to take the aspirations of the first two categories of employees and outline career paths for them.
2. **Analysing career opportunities:** Once career aspirations and goals of employees are known, there is a need to analyse various career opportunities available to offer under prevailing career paths in the organization. Career paths can be determined for each position. It is also necessary to analyse career demands in terms of knowledge, skills, experience, aptitude, etc. Long-term and short-term career goals can be defined after relating specific jobs to different career opportunities. Career paths indicate career progression. Here also, since many employees may not be aware of their own career progression path, it needs to be made known to them. At a particular level, there may be young direct recruits as well as older persons who have risen to the level through promotions. The former aspire for quick career progression due to their better education and training. The latter cannot be expected to move up very high due to their limited professional education. Therefore, promotions and direct recruitment at every level must be so planned as to ensure a fair share to each group. This is called age balance in career paths.
3. **Identifying congruence and incongruence:** At this stage, a mechanism for identifying congruence between the employee career aspirations and the organizational career system is developed. This helps to identify specific areas where mismatch or incongruence prevails. For this purpose, specific jobs are related to different career opportunities. Such matching helps to develop realistic career goals for both long-term and short-term.
4. **Action plans and periodic review:** Alternative strategies and action plans for dealing with mismatches are formulated and implemented. Some of the strategies used are as follows:
   - Changes in career system by creating new career paths, new incentives, new rewards by redesigning jobs for lateral movement

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- Change in the employee's hopes and aspirations by creating new needs, new goals and new aspirations
- Seek new basis of integration through problem solving, negotiations, compromises, etc.
- Training and development of suitable people so as to meet the needs of both the individuals and the organization.

After initiating these strategies, it is also necessary to review the same every now and then. Review will indicate to employees in which direction the organization is moving, what changes are likely to take place and what skills are needed to adapt to the changing needs of the organization.

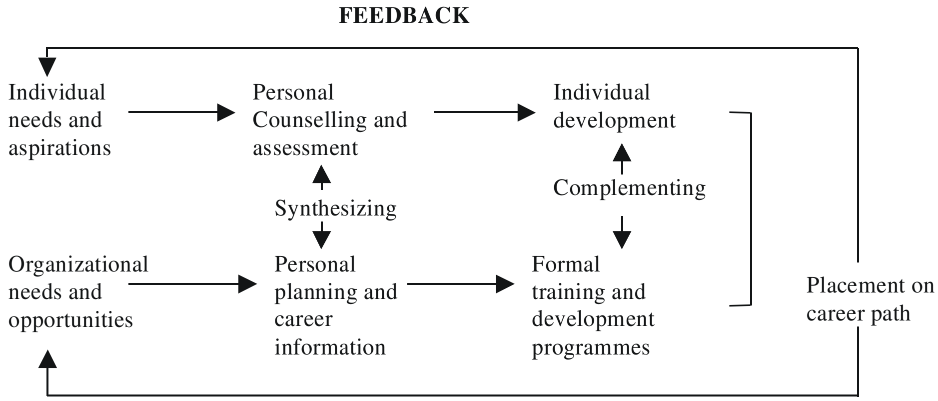

Fig. 3.2 *Career Planning Process*

Source: Alpin, J C and Gester D K. '*Career Development: An Integration of Individual and Organizational Needs*' *Personnel*, March-April 1978, American Management Association: New York.

After an employee has been selected for a job, has been trained to do it and has worked on it for a period of time, his performance should be evaluated. Performance appraisal or merit rating is the mechanism to assess the contribution of all human resources working at each level of the organization during a specific period of time. Performance appraisal enables the employees to know as to how they are performing in comparison with the set standards.

3.2.2 Career Development and Management

A narrow definition of career is 'advancement' in an organization, but a broader view of career defines it as an 'individually perceived sequence of attitudes and behaviours associated with work-related activities and experiences over the span of a person's life'. Understanding career development in an organization requires an examination of two processes: how individuals plan and implement their own career goals (career planning) and how organizations design and implement their career development programme. Carrell and Kuzmitz gave a model of career development as shown in the Figure 3.3.

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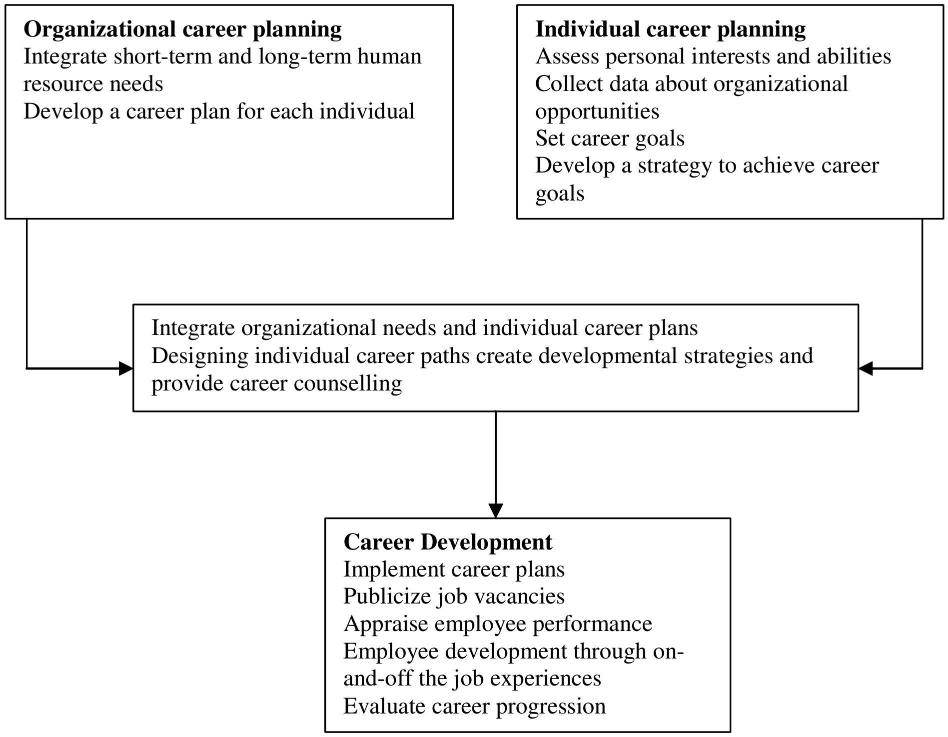

Fig. 3.3 *Model of Career Development*

Source: Carrell M.R. and Kuzmits F.E., '*Personnel: Management of Human Resources*', Merill: Columbus, Ohio (1982) Page 408.

Career development is essential for implementing career plans. It consists of activities undertaken by the individual employees and the organization to meet career aspirations and job requirements. The most important requirement of career development is that every employee must accept his/her responsibility for career development.

Importance of Career Development

In today's competitive business environment, organizations are forced to restructure and downsize. The creation of new technologies has required individuals to update their skills or become outdated. A number of organizational change initiatives could have undesirable consequences for individuals. These include:

- Downsizing – reducing jobs in an organization
- Delayering – reclassifying jobs more broadly
- Decentralizing – responsibilities are reassigned to lower levels
- Reorganization – refocusing around core competencies
- Cost-reduction strategies – doing the same work with lesser resources
- IT innovations – altering work due to advances in information technology
- Competency measurement – measuring competency in a different way
- Performance-related pay – linking pay with performance

Nicholson has depicted the effects of organizational change on career and the psychological impact on the individual, and has suggested the remedial measures to reduce the negative effects.

Table 3.5 *Organizational Change Initiatives and their Effects on Careers and Individuals*

Organizational Change Form	***Effects on Jobs and Careers***	***Psychological Impact on Individuals***	***Remedial and Mitigating Strategies***
Downsizing	Job security	Anxiety	Openness and involvement
Delayering	Plateauing	Lower self-esteem	Delegation and self-management
Decentralization	Segmentation and fragmentation	Competitive behaviours	Teambuilding and mobility
Reorganization	Displacement	Frustration	Self-appraisal and path finding
Cost-reduction	Work intensification	Stress	Time and task management
IT innovation	Deskilling	Lower self-efficacy	Reskilling
Competency measurement	Obsolescence	Self-defense	Coaching and mentoring
Performance-related pay	Individualism and politics	Low trust behaviours	Team-based objectives and feedback

Source: Nicholson N., '*Career Systems in Crisis: Change and Opportunity in the Information Age*', Academy of Management Executive 10, no. 4 (1996) Page 43.

Career Development Programme

An effective career development system attempts to integrate a series of individual career planning and organizational career management activities that involve the employee, management and the organization. A properly designed career development programme needs to involve the following main actions:

(i) Career need assessment: Career is highly personal and an extremely important element of one's life. Hence, there is a need for selection of the right career for oneself. Career needs of employees can be judged by evaluating their aptitudes, abilities and potentials. It is here that the role of HR manager to assist the employee in his/her career decision-making process, by providing much information as possible, become crucial.

(ii) Career opportunities: Career opportunities that can be met should be identified through job analysis. Job analysis and job design provide the fundamental information required to chart career paths in an organization. Realizing that employees have definite career needs, it becomes obligatory on the part of the organization to chart specific career paths and make the same known to the employees. On the basis of such information the employees can plan their own career movement and progression.

(iii) Need-opportunity alignment: When employees have assessed their career needs and have become aware of the organizational career opportunities, the next step in the career development programme is one of alignment. The organization can design appropriate development programmes to help the employees integrate their development needs with the organizational opportunities. The various developmental programmes are as follows:

- Performance Appraisal and Performance feedback
- Management by Objectives (MBO)
- Career counselling
- Individualized techniques like Job enrichment, Job rotation, etc.

(iv) Monitoring career moves: It is necessary to maintain a record of career movements of employees and to monitor their progress towards the predetermined career goals. This will enable the HR department to identify discrepancies and adopt correctional measures at the right time.

(v) **Making career development effective:** A career development programme can be made effective by the following ways:

- Making employees believe that their superiors care for their development.
- Career plans are developed with necessary support system to provide a fair and equal opportunity to all concerned within and among the different job families.
- Developing an appreciation of organizational constraints.
- Creating awareness about individual strengths and weaknesses.

Individual career counselling: Career planning may require advising and guiding employees in their possible career paths and the direction in which they ought to be heading. Such advising and guiding is called career counselling. One common career development activity is career counselling. Individual career counselling is to help the employees discuss their career goals in one-to-one counselling session. The need for such counselling arises when employees have to plan their own careers and develop themselves for career progression in the organization.

The main objectives of career counselling are as follows:

- To provide guidelines that help an individual to understand himself more clearly and develop his own thinking and outlook.
- To help individuals achieve and enjoy greater personal satisfaction, and pleasure.
- To enable individuals understand the forces and dynamics operating in a system.

Generally, career counselling is provided by the HR department or the training department. However, some large organizations hire professional counsellors.

Tips to make career counselling effective: Managers can become effective coaches by adhering to the following tips:

- Develop active listening and paraphrasing skills. This will help you to understand the employee effectively.
- Always encourage employees to learn new things. Show support by asking them about their actions and whether they were successful in achieving the desired results.
- Assist emplyees to work on their career goals, i.e., long-term or short-term goals. Also advise employees to achieve their simple goals before achieving the difficult goals.
- Practice different professional scenarios, such as interviewing for a job, through role plays to strengthen the employees contribution.
- It is important to give positive feedbacks to employees when they take major career decisions. Also employees need to be encouraged when they are taking relevant career actions like attending career workshops.

Finally, it is the responsibility of the individual to create his or her own career opportunities. The following quote by Arthur and Rousseau provide some advice for individuals, as they attempt to navigate their way through their careers 'Careers in today's world are what you make them.… Don't wait for formal training, but make sure colleagues you surround yourself with sustain new learning for you, and try to reciprocate for them….Remember that who you are and what you achieve will always be embedded in your relationship with others'.

Career Management and Career Anchors

Career management is considered to be an organizational process that involves preparing, implementing and monitoring career plans undertaken by an individual alone or within the organization's career systems. A career development system is a formal, organized planned effort to achieve a balance between individual career needs and organizational workforce requirements. Career development practices are designed to enhance the career satisfaction of employees and to improve organizational effectiveness. It may be difficult however, to completely integrate individual and organizational career efforts because the rate at which an individual grows and develops may not parallel an organization's needs.

Career anchors: Career anchors are distinct patterns of self-perceived talents, attitudes, motives and values that guide and stabilise a person's career after several years of real world experiences and feedback. Individuals put down anchors to stabilize their career choices. According to Schein, career anchors are difficult to predict ahead of time because they are evolutionary and a result of a process of discovery. Based on his study of MIT graduates, Schein identifies eight career anchors:

- *Managerial competence*: People with this drive seek managerial positions that offer opportunities for higher responsibility, decision making power, etc.
- *Technical competence*: People who have a strong technical or functional career anchor seem to make career choices based on the technical or functional content of the work, such as engineering or accounting.
- *Security*: If your career anchor is security, then you are willing to do what is needed to maintain job security (complying with rules and regulations of every kind) a decent income and a stable future in the form of a good retirement package.
- *Creativity*: These people are driven by an overwhelming desire to do something that is entirely of their own making. For them, starting a new venture, working in a research lab, piloting a novel venture in a desert may be exciting alternatives, their idea of a creative vocation.
- *Autonomy*: These people seek a career that offers freedom of action and independence.
- *Dedication to a cause*: If this is your anchor, you focus on a cause that you believe is important (ending starvation deaths, bringing about world peace, cure for a disease).
- *Pure challenge*: If this is your career anchor, you seek to meet and overcome difficult barriers or obstacles (scaling a mountain, reviving sick companies). You basically seek novelty and variety in your work.
- *Lifestyle*: if this is our career anchor, you seek to integrate personal, career and family goals. You choose jobs that enable you to fit all parts of your life together.

Problems of plateauing employee: A career plateau is a situation in which for either organizational or personal reasons the probability of moving up the career ladder is low. It was Judith Bardwick who first called this phenomenon as 'the Plateauing Trap'. Most of the employees will plateau in their working lives for three reasons:

- *Structural plateau:* A structural plateau marks the end of promotions in the organization and an employee will have to leave the organization to find new opportunities and challenges as the organization is not able to provide the employee with the opportunity for growth.

- *Content plateau*: A content plateau occurs when a person has learned a job too well and is bored with day-to-day activities. The employee should be given some other job in the organization so that content plateau may not occur. However organizations are not ready to do it because the employee has gained sufficient expertise in the given field.
- *Life plateau*: Employees who experience life plateaus often have allowed work or some other major factor to become the most significant aspect of their lives, and they experience a loss of identity and self esteem. A life plateau is more profound.

Entrenched employees: With the current situation, many organizations go through restructuring and downsizings. Although many employees choose to stick with their jobs but they do not remain committed or attached as they were previously. In order to avoid potentially adverse consequences of entrenchment, organizations can follow these following suggestions:

- The organization should provide severence packages that will fund employees' search of new careers.
- Organizations should support and encourage portability of benefits such as pension fund, accrued time off.
- Career counselling provision and outplacement assistance to employees to attend classes while still employed.
- Employees will appreciate tuition reimbursement and time off to take up new courses and attend classes.
- Organizations can introduce staged recruitment programmes.
- Cross train employees and transfer them to other departments to check other available career options.
- Employees should not be eliminated automatically but should be allowed to phase out jobs.
- The organization should encourage and reiterate the importance of learning and development.
- Employees should be provided counselling to deal with career planning issues.
- Employees should have the provision of extended medical coverage and various other insurances for at least 18-24 months.

Dual career couples: With the increasing number of women entering the workplace, the concept of dual-career couples has come into being. Economic necessity and social forces have encouraged this trend. In a dual-career couples follow their own careers and actively support each other's career development. Now employers have understood the significance of helping their employees to achieve career needs and goals. In order to help employees to manage work-family role conflict, organizations are now more actively involved by providing a platform for discussing conflicts and coping strategies. A major shift has been seen in many organizations that are moving away from their regular practices seen in recruitment, travel, transfer, promotions, scheduling hours and benefits, so that dual career couples can achieve a balance between work and family commitments.

As with most lifestyles, the dual-career arrangement has its positive and negative sides. The difficulties that dual-career couples face include the need for quality child care, time demands, and emotional stresses. A significant number of organizations are concerned with the problems faced by dual-career couples and offer assistance. A new trend has emerged recently, where organizations are trying to include family-responsive practices, which include the following:

- Availability of flexi work schedules so employees can spend time with children. Flexible working schedules are the most frequent organizational accommodation to these couples.
- Besides flexitime, organizations also provide job sharing, part-time work, compressed workweeks, temporary work and work at home (telecommuting)
- More openings of on-site childcare centres.
- Greater use of paid leave for maternity and now even paid paternity leave in most progressive organizations.

With the help of these measures employees will be able to create a balance between their work and family. This will also reduce any stress or conflict that may arise from work-family conflict.

Managing careers of fast-track employees: In order to meet the varied requirements of their employees many organizations are putting career development programmes into use. Although there are many different groups of employees, we now focus on fast-track employees. Organizations often identify individuals with high career potential and place them on a fast track for upward moves in the company. It becomes essential for these organizations to monitor these employees at regular intervals and make extra recruitment efforts for identifying and developing employees. It is imperative that an employee be provided with regular feedbacks, training and counselling along with opportunities to work in different departments. An organization should provide challenging job assignments to its employees especially in the initial stages of an employee's career. Managers who are given the responsibility of identifying and developing fast-track employees should also be recognized by the organization. This recognition will not only encourage managers but will also ensure that they take their responsibilities seriously.

Succession planning: This includes periodic reviews for top executives by their senior executive to finalize backups for available senior position openings. Succession planning is the process of identifying, developing, and tracking key individuals so that they may eventually assume top level positions. This is of great significance as the grooming and training to develop effective senior managers is a long process. Succession planning is usually restricted to senior-level management positions and can be of two types (i) informal and (ii) formal.

Informal succession planning: Where informal succession planning is concerned, a manager identifies and grooms his replacement.

Formal succession planning: This type of planning includes a thorough examination of long range plans and HR forecasts along with a data review of all potential candidates. The main aim of this exercise is to identify employees who have the potential to become future managers. This also encourages promotion from within the company. Formal succession planning has many benefits.

CHECK YOUR PROGRESS

1. What is career planning?
2. What are the principle objectives of career planning?
3. Identify the various stages in any career.
4. What does an individual in the late career stage focus on?
5. What does career development involve?
6. State the features of an effective career development programme.

3.3 EMPLOYEE TRAINING: CONCEPT AND SCOPE

Training is a process that is very educational. In the process of training and development, managers learn and acquire knowledge in order to achieve the specific tasks and goals of the organization. In the process of development, there are various approaches to knowledge-sharing that are designed specifically for the managers of an organization. The process of imparting education to the managers is provided in such a manner that is very helpful for them in the long run.

According to Compbell, 'Training courses are typically designed for a short-term, stated set purpose, such as the operation of some pieces of machinery, while development involves a broader education for long-term purposes.'

One of the main purposes of training is to sharpen the skills and knowledge of the employees of an organization so that they can help the organization in achieving its goals and objectives within a specified period of time. Training and development go hand in hand because as the skills and knowledge of employees get enhanced, the development process of the employees start. This also enhances the managers' hands-on knowledge and experience of tackling the various difficulties faced during knowledge transition. Hence, it's a win-win situation for both the managers and the trainees.

Table 3.6 shows the differences between training and development.

Table 3.6 *Difference between Training and Development*

Point of Distinction	***Training***	***Development***
Content	It is the process of imparting mechanical and technical knowledge to employees.	In the process of development, conceptual and theoretical knowledge is provided to employees.
Participants	The main participants of training programmes are usually employees.	The main participants of development are usually the managers of any organization.
Time period	The time frame for which the employees are provided training is usually of short duration.	The process of providing knowledge to employees is a continuous process.
Initiative	The process of training is mainly started by the management of an organization.	The process of development is usually started by individuals within the organization, themselves.

Training is a means to development. Training is a process and development is the end result of the process. Training should be differentiated from development. Training may be defined as helping an individual to learn how to carry out satisfactorily the work required of him in his present job. Development is defined as preparing the individual for a future job.

Training refers only to instruction in technical and mechanical operations, while development refers to philosophical and theoretical educational concepts. Training courses are typically designed for a short-term, stated, set purpose such as operation of some piece of machinery, while development involves a broader education for long-term purposes.

Training provides the trainee with the knowledge and skills necessary to carry out specific work tasks. It is geared directly to this and is essentially practical and relevant to the job. In contrast, educational programmes contain theoretical and conceptual material aimed at stimulating an individual's analytical and critical faculties. Despite differences, both are concerned with the development of human potential or talent. They are complementary parts of the same process and it is difficult to imagine any training which does not have some educational effect and vice versa. 'Raw' human resources can make only limited contribution toward the achievement of an organization's objective, while the demands for 'developed' human resources are constantly growing. In this setting, managers cannot escape the responsibility for training and developing the human resources they employ. Flippo defines training as the act of enhancing the knowledge and skill of an employee for accomplishing a specific job.

Thus, **training is a kind of investment.** However, most business enterprises in India consider resources spent on training and development as current expenditure rather than investment which will yield continuous results in the years to come. Most employers want to hire trained personnel and very few are interested in developing people through investing in them. Of course, this attitude may partly reflect the unrelatedness of the present education system to the country's immediate needs in industry. Education overemphasizes humanities and concentrates less on the type of training which develops skill for industrial employment. Moreover, there are problems of obsolescence, not only of machines but also of men, calling for rethinking and retraining. Training activities in the organization aim at:

- Training for placement
- Training for better performance
- Training for development

The term 'training' indicates any process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased. Through training old talents may be updated and new ones developed. Education denotes the process of increasing the knowledge, understanding or attitude of employees so that they are better adjusted to their working environment. Training refers to 'know-how', while education denotes 'know why'. A distinction is made between learning at cognitive and behavioural levels. The cognitive level refers to the understanding of concepts at the knowledge level while behavioural level is that which shows up in behavioural change. Education is concerned with learning while training is concerned with behavioural change. Training is the application of knowledge. It gives people an awareness of the rules and procedures to guide their behaviour. In contrast, education instils sound reasoning processes rather than merely imparting a body of serial facts. Education is the understanding and interpretation of knowledge. It does not provide definitive answers but rather develops a rational mind that can determine relationships among pertinent variables and thereby understand phenomena. New employees need to be trained in company procedures and policies even though they may be experienced in the particular task.

Need for Training

The need for training and development programmes can be illustrated as follows:

- To meet the needs of performance improvement as indicated by the performance appraisal reports.
- To check and evaluate the status of improvement caused due to performance improvement effort.
- To help an employee achieve better professional knowledge.
- To make an employee eligible for a change in role in the organization.

- To train the employees about a specific topic. The topics generally include the following:
  - o Communication
  - o Computer skills
  - o Customer service
  - o Diversity in views and thinking of different people
  - o Ethics
  - o Human relations
  - o Quality initiatives such as Total Quality Management (TQM) and benchmarking
  - o Safety during use of heavy equipment

Prerequisites for training, education and development: Apart from a good training and development plan, the training, education and development programme needs a learner or a trainee and the supervisor or the trainer. The learner and the trainer must fulfil some basic requirements.

Basic requirements of a learner: A learner must possess the following characteristics:

- ***Willingness to grow and experience:*** There is no advantage in any educational degree if the learner is not willing to actually learn and apply new information.
- ***Willingness to be involved:*** A learner must be willing to involve himself/herself entirely and share every aspect of his life such as stress management, emotional intelligence, including professional behaviour.
- ***Eagerness for feedback:*** A learner must ask for feedback from others to understand himself and his job.
- ***Ability to overcome reluctance and fears:*** A learner must have the courage to overcome his fears, which in turn serves as the first step toward achieving enhanced performance in the job.
- ***Confidence about learning:*** Learning from the knowledge of other people is not successful because different people may provide varied information about what you need to do and what you need not to do. To make it successful, a learner must be highly motivated and self-directed.

Basic requirements of a supervisor: The supervisor must perform the following tasks for the successful completion of a training and development programme:

- ***Discussing the training and development plan:*** The learner will learn more and get the most out of the training and development plan if he feels ownership of the plan. Feeling of ownership can be developed in a learner by seeking his suggestions regarding the training and development plan. Learners can realize their need for self-development in a much better way. Therefore, the supervisor should try to get the learner involved in developing the plan.
- ***Interacting with the human resources (HR) representative:*** A trained HR representative must be included in the training and development plan because he has a good understanding of the dynamics of training and development. The representative also has strong working knowledge of the relevant policies and procedures related to training and development. In addition, the representative will act as an impartial source of knowledge for the learners.
- ***Providing continuous feedback and support:*** Supervisors must visit the learners on a regular basis to ensure that the latter are comfortable working in

the environment. Supervisors should collect and provide timely feedback from and to the learners.

- ***Allocating funds for required resources:*** Funds should be provided to learners by the supervisors for requirements such as course tuition and materials, self-study materials, videos, training fees and stipend.
- ***Finding time for regular meetings:*** There should be meetings between the supervisor and the learner at regular intervals of time, so that the learner feels the concern of his supervisor towards him.

Areas of Training

Training is the application of knowledge and it can be defined as a process of learning the sequence of programmed behaviour. Training gives people an awareness of the rules and procedures to guide their behaviour. It attempts to improve their performance on the current job or prepare them for an intended job. According to Edwin D Flippo, 'The purpose of training is to achieve a change in the behaviour of the people in order to enable them to do their jobs better.' In order to achieve this objective, any training programme should try to bring positive changes in the following:

- **Knowledge**: It helps a trainee know facts, policies, procedures and rules pertaining to his/her job.
- **Skills**: It helps the trainee increase his/her technical and manual efficiency necessary to complete their task.
- **Attitude**: It moulds the behaviour of the trainee towards his/her coworkers and creates a sense of responsibility in the trainee.

Training is a vital phase of management control. One of the means of reducing accidents, eliminating wastages and increasing quality is training in these areas. The values of training cannot be overemphasized. To begin with, training brings about an improvement in employee skill, which in turn increases the quality and quantity of output. Second, this increase in primary objectives will be reflected in increased returns to employees; personal rewards being affected by individual productivity. Third, there is the ever-present need for training men on the job to meet changing techniques or to improve old methods that are woefully inefficient. Jobs have a way of changing. Men must be retrained to handle the new jobs and to meet the requirements of the new methods properly. Moreover, the impact of automation has made training more important for three reasons, (i) that some jobs will be enlarged, thereby requiring additional skills and knowledge; (ii) others will require a narrow range of skills and (iii) many jobs will be replaced entirely by newly created jobs. Fourth, the relative amount of equipment and materials required for a unit of output is decreased. Thus, it leads to a saving of resources in men, machine and materials. Fifth, it is not always possible, especially in an underdeveloped country, to recruit trained or experienced hands for all jobs. For untrained workers, training by the employer is the only method open to learn how to do the job. Even in the case of trained recruits, some special training becomes necessary because the same training does not fit everywhere due to peculiarities in the job conditions.

Employee development is not an end in itself but rather a means to greater productivity, lower costs and higher profits. The objectives of training are to bridge the gap between existing performance ability and desired performance.

The Japanese believe that continuous training can lead to continuous improvement in performance. Therefore, in most Japanese companies, everyone from a sweeper to a managing director attends training classes throughout their career. The Japanese approach to training is the Zen approach as opposed to the Chinese approach based on the teachings of Confucius. According to the Zen approach, the purpose of training is continuous improvement in the performance of whatever one does. Everyone can improve on his work throughout his career by continuous training. According to Confucius approach training is for promotion. The Zen approach is beneficial both to the worker as well as to the factory where he is employed.

The chief aim of formal education for the manager is to increase his ability to learn from experience. The second aim is to increase his ability to help his subordinates learn from experience. According to McGregor, there are three different purposes of training. These are as follows:

- **Acquiring intellectual knowledge**: An electrical engineer may need more knowledge than he now possesses about circuit design. A new employee may require knowledge about company policies. A foreman may require information about the new provisions in the labour agreement. The acquisition of knowledge is a fairly straightforward process, provided the individual wants the new knowledge. It can be made available to him in several ways. However, if he does not want the knowledge, there is considerable difficulty getting him to learn it. In the industry, attempts should be made to create a 'felt need' for new knowledge.
- **Acquiring manual skills**: The acquisition of manual skill requires practice or experience accompanied by feedback. Pure trial and error learning can be speeded up by guidance but the individual cannot learn unless he performs and receives cues which tell him about the success of his efforts.
- **Acquiring problem-solving skills**: Much of a manager's work is solving problems. These include organizing his own and his subordinates' activities, planning and a wide range of other decision-making activities. These are skills involved in diagnosing problems, interpreting relevant data, accessing alternative solutions and getting feedback concerning the effectiveness of the solution. These skills can be improved and classroom education is one method utilized for this purpose. As with any skill, practice and feedback are essential for learning. The most widely used classroom method for improving the problem-solving skills is the case method. In the hands of a skilful teacher, it can be highly effective.

All training and development functions should involve the measurement process. The measurement process ensures that the feedback provided by the training and development functions is positive and accurate. If the evaluation process is conducted without collecting hard data through the measurement process, there is no guarantee that the performance problems do not exist anymore. Therefore, without the measurement process, it is very difficult to say that the training and development efforts have achieved the objectives. Training and development managers also make use of measurement data to make good and accurate decisions.

Steps of Training

The training programme is a costly and time-consuming process. The training methods discussed below is essentially an adoption of the job instruction-training course. A training programme involves the following six steps:

Step 1: Discovering or identifying the training needs: A training programme should be established only when it is felt that it would assist in the solution of specific

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problems. The identification of training needs must contain the following three types of analysis:

(i) **Organizational analysis:** It determines the organization's goals, its resources and the allocation of the resources as they relate to the organizational goals.

(ii) **Operation analysis:** It focuses on the task or job regardless of the employee doing the job.

(iii) **Man analysis:** It reviews the knowledge, attitudes and skills a person must acquire to contribute satisfactorily to the attainment of organizational objectives.

On the basis of each trainee's specific training needs, programmes of improvement can be developed. The training programme then follows a general sequence aimed at supplying the trainee with the opportunity to develop his skills and abilities.

Step 2: Preparing the instructor: The instructor is the key figure in the entire programme. He must know both the job to be taught and how to teach it. The job must be divided into logical parts so that each of the parts can be taught at a proper time without the trainee losing perspective of the whole. This becomes a lesson plan. For each part, one should have in mind the desired technique of instruction, i.e., whether a particular point is best taught by illustration, demonstration or explanation.

Step 3: Preparing the trainee: This step consists of:

- Putting the learner at ease
- Stating the importance and ingredients of the job and its relationship to work flow
- Explaining why the learner is being taught
- Creating interest in the learner, encouraging him to ask questions and finding out what he already knows about his job or other jobs.
- Explaining the 'why' of the whole job and relating it to some other job the learner already knows.
- Placing the learner as close to his normal position as possible
- Familiarizing the learner with the equipment, materials, tools and trade terms

Step 4: Presenting the operations: This is the most important step in a training programme. The trainer should clearly tell, show, illustrate and question in order to put over the new knowledge and operations. There are many ways of presenting the operation, namely explanation, demonstration, etc. An instructor mostly uses the method of explanation. In addition, various points may be illustrated with the help of pictures, charts, diagrams and other training aids. Demonstration is an excellent device when the job is essentially physical in nature. The following order of training may be followed:

- Explain the course of the job.
- Do the job step by step according to the procedure.
- Explain each step that he is performing.
- Have the trainee explain the entire job.

Instructions should be given clearly, completely and patiently; there should be an emphasis on key points and only one point should be explained at a time. The trainee should also be encouraged to ask questions in order to indicate that he really knows and understands the job.

Step 5: Trying out the trainees' performance: Under this, the trainee is asked to go through the job several times slowly, explaining him each step. Mistakes are corrected, and if necessary, some complicated steps are done for the trainee the first time. Then the trainee is asked to do the job, gradually building up skill and speed. As soon as the trainee demonstrates that he can do the job in the right way, he is told to perform the job on his own. The trainee, through repetitive practice, will acquire more skills.

Step 6: Following-up preferring efforts: The final step in most training procedures is that of follow up. This step is undertaken with a view to testing the effectiveness of training efforts. The follow up system should provide feedback on training effectiveness and on total value of training system. It is worth remembering that if the learner has not learnt, the teacher has not taught.

Selection of a training method

The selection of an appropriate method depends upon the following six factors:

(i) **Nature of problem area:** The choice of a training method depends upon the task to be done or the manner in which people interact with each other, i.e., the problem may be either an operational problem or a human relations problem.

(ii) **Level of trainees in the organization's hierarchy:** The choice of a training method also depends upon the level of the participants.

(iii) **Method's ability to hold and arouse the interest of trainees during the training period:** A trainer has to consider alternative methods of presenting training material to participants also form the point of view of their ability to stimulate interest and facilitate retention of the matter.

(iv) **Availability of competent trainers:** The success of a training method also depends on the ability of the trainer. The trainer is the most important figure in the entire training programme. Therefore, before venturing into a training programme we have to first find a good trainer.

(v) **Availability of finance:** Availability of finance is crucial for any training programme. To make a training programme effective adequate finance is necessary.

(vi) **Availability of time:** Training cannot be done in a hurry. Adequate time is necessary to make the training programme a success. You will learn more about training methods in the next section.

3.3.1 Types of Training

Training can be of five different types. These types are as follows:

1. Induction or orientation training

Induction or orientation training is the method of introducing a new employee into the organization with a view to gain his confidence and develop a sense of cooperation in him/her. It is a training programme used to induct a new employee into the new social setting of his/her work. The new employee is introduced to the job situation and to co-employees. The trainer informs the new employee about the rules, working conditions, privileges and activities of the company. The induction training not only helps personal adjustment of the new employee to his/her job and work group but also promotes the morale of the employee. Induction training aims at achieving the following objectives:

- To build up the confidence of the new employees in the organization so that they may become efficient employees
- To ensure that the new employees do not form false impressions regarding the workplace

- To promote a feeling of belonging and loyalty in the new employees
- To give information to the new employees about the canteen, leave rules and other facilities

2. Job training

The object of job training is to increase the knowledge of workers about the job with which they are concerned, so that their efficiency, skills and performance can be improved. In job training, workers are given training to learn about correct methods of handling machines, equipment, avoiding accidents and minimizing wastes. Under this technique, employees are placed in a new job and is told how to perform. Job training is primarily concerned with developing the skills in the employees so that they can work according to the existing practices of an organization. It also involves explaining the problems that can be faced by the employee while working.

3. Refresher training

With the passage of time, employees may forget some of the methods, which were taught to them, or they may have become outdated because of technological development and improved techniques of management and production. Refresher training is arranged for existing employees in order to provide them an opportunity to revive and improve their knowledge. According to Dale Yoder, 'Refresher training programmes are designed to avoid personnel obsolescence.'

4. Apprenticeship training

The apprenticeship training system is widely used in many industries. It is a good source of providing the required personnel for the industry. Under this method, both knowledge and skills required for a job are taught to the employees of a company. The apprenticeship programmes involve on-the-job training and experience with classroom instructions for particular topics.

Apprenticeship training is desirable in industries which require a constant flow of new employees expected to become all-round craftsmen.

5. Internship training

Internship training is usually meant for those jobs where advanced theoretical knowledge is backed up by practical experience on the job. Under this method, the professional institutes enter into arrangement with a big business enterprise for providing practical knowledge to its students. For example, engineering students are sent to industrial enterprises and medical students are sent to hospitals for practical knowledge.

Benefits of Training

A programme of training becomes essential for the purpose of meeting specific problems of a particular organization, which arise due to the introduction of new lines of production, changes in design, demands of competition, etc.

The major benefits of training to an organization are as follows:

- **High productivity**: Training can help the employees increase their level of performance on their ongoing assignment. Training increases the skill of an employee in the performance of a particular job. An increase in skill usually helps increase both quantity and quality of output.
- **Less supervision**: Training does not eliminate the need for supervision, but it reduces the need for constant supervision.

- **Prevention of manpower obsolescence**: Manpower obsolescence is prevented by training, as it fosters initiative-taking and creativity of employees. An employee is able to adapt himself to technological changes.
- **Economical operations**: Trained personnel will make economical use of materials and equipment. This will reduce wastage of materials. Training also helps reduce damage to machinery and other mechanical equipments.
- **Prevention of industrial accidents**: Proper training can help prevent industrial accidents.
- **Improvement of quality**: Trained employees are less likely to make operational mistakes, thereby increasing the quality of the company's products.
- **Greater loyalty**: A common objective of training programmes is to mould employees' attitudes to achieve support for different organizational activities and to obtain better cooperation and greater loyalty. Thus, training helps in building an efficient and loyal workforce.
- **Standardization of procedures**: Trained employees will work intelligently and make fewer mistakes than untrained employees because they have better understanding of their jobs.
- **Better organizational climate**: An endless chain of positive reactions results from a well-planned training programme. Training causes an increase in morale, less supervision, improved product quality and increased financial incentives. All these factors result in better organizational climate.

The following are the benefits of training for the employees:

- **Personal growth**: Employees on a personal basis gain individually from training. They secure wider awareness, enlarged skill and enhanced personal growth.
- **Development of new skills**: Training improves the performance of the employee and makes him more useful and productive. The skill developed through training serves as a valuable personal asset to the employee. It remains permanently with the employee.
- **Higher earning capacity**: By imparting skills, training facilitates higher remuneration and other monetary benefits to employees. Thus, training helps each employee to utilize and develop his full potential.
- **Helps adjust with changing technology**: Old employees need refresher training to enable them to keep abreast of the changing methods, techniques and the use of sophisticated tools and equipments.
- **Increased safety**: Proper training can help prevent industrial accidents. Trained workers can handle the machines safely and they are less prone to industrial accidents. A safe work environment also leads to a more stable mental attitude on the part of employees.
- **Confidence**: Training creates a feeling of confidence in the minds of employees. It gives safety and security to them in the organization.

Areas of Satisfaction and Dissatisfaction

Some areas of satisfaction are as follows:

- **Career growth**: If the employees are given proper training by an organization, then it helps in the career growth of the employees because employees develop their skills and knowledge with the help of training.

- **Knowledge and skill improvement**: The employees of an organization increase and improve their knowledge and skill because during the process of training the employees are provided with new methods through which they can increase their knowledge and skills.
- **Learning**: Learning is an important psychological process in training which determines the behaviour of the employees of an organization.
- **Achievement of organizational goals**: When the employees are provided with training by an organization it sharpens the skills and knowledge of the employees, which in turn helps in achieving the goals and objectives of an organization.
- **Better performance**: The performance and the efficiency of the employees automatically improve, when the employees are given training by the organization.

Some areas of dissatisfaction are as follows:

- **Less improvement in knowledge**: There is less improvement in the knowledge of the employees because the employees are only trained to improve the productivity of the organization.
- **Time consuming**: The process of training is a very time-consuming process because it takes lot of months to train the employees effectively.
- **Increase in organizational budget**: Training leads to the increase in the budget of the organization because if the employees are given training, then the organization has to provide various materials that are required for the training.

3.3.2 Methods of Training

Training methods or techniques refer to instructional methods used for delivering learning content. Historically speaking, training as a method for skill enhancement emerged in medieval Europe during the era of guilds. In medieval Europe, most of the manufacturing was concentrated in guilds and the guilds trained their recruits usually by placing them under a master craftsman. The recruit learnt the craft under the guided supervision of the master craftsman; it was a kind of on-the-job training. This system of supervised training continued during the industrial revolution and this system of training came to be known as apprenticeship. As industrialization progressed, training became systematic in order to meet the new demands for skilled labour. As production methods changed, the methods of training also kept pace and training became increasingly structured and formal. New training methods emerged to suit the needs of emerging globalization. Currently, according to one estimate of the American Society for Training and Development, more than thirty methods of training are used by organizations worldwide. Traditionally, the training methods were classified as formal and informal. Later, they came to be classified as on-the-job and off-the-job methods. However, now new classification patterns have been developed and some of them are listed as follows:

- **Trainer led information or skill giving method (didactic):** This method involves giving of information and the most popular method is a lecture or a demonstration.
- **Trainer led information seeking methods (socratic):** This method involves questioning techniques which focuses on eliciting information.
- **Trainer created, student led methods (facilitative):** This method includes discussion based approaches, projects or self-directed assignments, etc.

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Some trainers classify training methods into the following categories:

- Teacher-centred methods
- Student-centred group methods
- Individual-student centred methods

(i) Teacher-centred methods

The following are the teacher-centred methods:

- Lecture
- Lecture and discussion
- Mentoring
- Guided discussion
- Demonstration
- Controlled discussion
- Tutorial

(ii) Student-centred group methods

The following are the student centred group methods:

- Brain storming
- Buzz group
- Case study
- Debate
- Fish bowl
- Group discussion
- Interview
- Listening and observing
- Panel
- Project
- Role play
- Simulation and games
- Snowballing
- T-groups
- Field tours
- Workshops

(iii) Individual student-centred methods

- Assignments
- Computer assisted learning
- Personal tutorial
- Practicals
- Projects

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Armstrong's classification of training techniques

M. Armstrong classifies training techniques into the following categories:

- **On-the-job techniques:** They include demonstration, mentoring, coaching and planned experience, job rotation, special projects, committee assignments, etc.
- **Off-the-job techniques:** They include lectures, discussions, case studies, role playing simulation, etc.
- **On or off-the-job techniques:** They include E-learning, instruction, assignments, projects, guided reading, computer based training, etc.

Blanchard–Thacker classification of training techniques

Blanchard and Thacker divide the various training methods into cognitive and behavioural approaches.

Cognitive methods: Cognitive methods are used for knowledge and attitude development. They focus on providing information and attempt to stimulate learning by affecting the cognition process of the trainees. They are effective for knowledge development but in case of skill development, cognitive methods are found wanting.

Behavioural methods: Behavioural methods are used to affect behavioural change in the trainees. These methods are used by the trainers to develop skills and for affecting behavioural change. Whatever may be the method, the aim is to help the trainee learn and be a part of the learning process.

Popular training methods: Some of the popular training methods along with their strengths and limitations are discussed as follows:

Lecture method

Lecture is the most formal of training methods, and in training terms, it means a verbal presentation given before the trainees for instruction and it may be accompanied by visual aids like flipcharts or projections. Lecture requires the audience to sit still and listen. The only interaction between the trainer and trainee is limited to question and answer, usually at the end of the lecture. It is a one way presentation of training message by the trainer. Lecture is a formal presentation of information in a logical sequence, which is interspersed with illustrations and examples. Blanchard and Thacker give a list of essential components of a lecture. The list contains the following:

- **Orientation:** Giving introductory information with regard to the direction and the content of the presentation.
- **Enthusiasm:** Elaborating the importance of training content to generate enthusiasm among the audience.
- **Variety:** Illustrating the presentation with visual images or projections or audiovisuals to add variety to the presentation.
- **Logical organization:** Presenting the topic in a sequential order.
- **Explanations:** Explaining factual and conceptual ideas in an unambiguous manner.
- **Directions:** Providing systematic instruction and direction in case of procedural knowledge.
- **Illustrations:** Giving relevant examples to substantiate a topic or to explain an idea.
- **Compare and contrast:** Discussing the strengths and limitations.

- **Questions and discussion:** Responding to questions of the trainees and raising questions to elicit response from the trainees.
- **Summarize:** Concluding the presentation by briefly discussing the important aspects of the topic.

Lecture method has many variants like:

- **Standard lecture:** Presentation is made by the trainer for giving information to the trainees.
- **Team teaching:** Presentation of a topic by two different trainers to provide different points of view. This method can also be used to present two different topics by different set of trainers. For instance, a psychologist can deliver a lecture on body language while a communications specialist can deliver on nuances of verbal language.
- **Guest speakers:** Specialists from related fields can be invited to make a presentation so as to give trainees an expert's point of view.
- **Panels:** Two or more trainers present a topic and discuss it with the trainees.

In a lecture, the trainees are overtly passive which may reduce their attention span and receptivity. To counter this problem of attention span, trainers at times use short lectures or *lecturette* lasting for about twenty minutes. During a lecture, the trainee observes, listens and, if necessary, takes notes. In other words, in a lecture the trainee is expected to play the role of an information collector. Lecture per se is not a very effective technique for learning, but is useful for giving specific information to a large number of trainees. The ineffective aspect of lecture comes from its lack of the two-way communication or interaction with trainees. To make lecture an effective method of learning, some trainers combine it with discussion. When combined with discussion, lecture method becomes interactive and more responsive to trainee's misunderstandings. The use of discussion after a lecture helps in consolidating and clarifying the information. The lecture-cum-discussion method makes the learning of conceptual knowledge very thorough, as the trainees have an opportunity to discuss and clarify their doubts.

The focal point in a lecture is the trainer. Hence, it is the trainer who controls the session and its contents. In the absence of the two-way communication, the lecture method lacks the trainee involvement and feedback. Despite this, organizations prefer using lecture method when it comes to knowledge development or filling the gaps in trainee's knowledge. To make lectures more effective, the trainer can give printed version of his lectures or give handouts of his lecture. From attention point of view, if the trainer is charismatic and knows the subject he is dealing with, he will be able to get the attention of the trainees. Getting attention is the first step towards effective learning and lectures are a good method to get the attention of the trainees. But retaining attention of the trainees is an entirely different aspect of training. It is here that lecture on its own becomes ineffective and the trainer has to turn to training aids for support. You know that an effective trainer uses illustrations, examples and real situations to explain the subject he is dealing with. Illustrations are an important component of lecture as they provide verbal cues for coding in the memory, thereby enhancing retention. Another way to enhance retention of lecture is to provide audio or video tapes of it. One of the ways to make learning effective is to stimulate multiple senses, but in case of lecture the stimulation is only auditory and this at times can hamper the learning process.

Demonstration method

Literally, the word 'demonstration' means 'a talk or explanation by someone who shows you how to do or use something, or how something works' (*Collins Dictionary*). From training point of view, demonstration as a training method is most effective for showing trainees how to use equipment or how to use software. Demonstration method is used when the training objective is knowledge enhancement and skill development. The skills can be anything ranging from technical to software, from decision-making to marketing presentation, and so on. For instance, medical representatives are trained in presentation skills so as to enable them to make effective presentation in front of doctors. The functions of a demonstration are as follows:

- To show how the equipment works or procedure functions
- To present visually how the procedures are linked
- To simplify the procedures by recreating them in front of the trainees
- To reveal the cause and effects (For instance, unsafe handling of equipments and its consequences)
- To explain how the product functions (For instance, demonstration of how a washing machines works)
- To explain the problems associated with product functioning
- To encourage trainees to perform the procedure
- To display the efficiency of the product or procedure
- To display product capabilities (For instance, new software is always demonstrated to show its capabilities)
- To enable the trainee to 'watch and learn'

There are three kinds of demonstration used in training: performance demonstration, teaching demonstration and interactive demonstration. These three types are discussed as follows:

(i) **Performance demonstration:** This method is effective for imparting training in using new equipment or technology. In this method, an operator or an expert demonstrates the whole operation or works on the equipment and the trainees are expected to watch and learn. This method is primarily used in factories to train trainees in handling equipments. The demonstration is not only related to using an equipment but it can also be related to safe handling of equipments, correcting small mechanical faults, etc. Performance demonstration has very little element of lecture or verbal presentation, because its focus is on the operation of the equipment and the operator.

(ii) **Teaching demonstration:** It is a method which combines lecture and demonstration. It is effective in situations where the training objective is knowledge and skill development. In this method, the trainer first verbally explains the process or procedure, and then goes on to demonstrate the process or procedure. The advantage of this method lies in the fact that the trainees first get a verbal introduction to process or procedure and then they practice the procedure or work on the process. This method is commonly used in pharmaceutical industry to train personnel working on the manufacturing processes.

(iii) **Interactive demonstration:** This is a training method used for introducing new skills and to correct faulty skills of existing employees. In this method, the trainer first allows the trainees to work on the equipment and after observing them work, suggests corrective measures. This method is very effective for building on the already existing skill set of the employees.

For demonstration to be effective in achieving learning objectives it has to provide for enough practice time to the trainees and it has to have a very constructive trainer feedback. When it comes to learning process, attention span is an important concern because lengthy demonstrations can be tedious. Hence, it is advisable to keep demonstrations short and relevant. With regard to retention, demonstration encourages observation on the part of the trainees because the latter are expected to practise the procedure or task after the demonstration is over. And as the trainees practise the same procedure over and over, the whole work procedure gets codified in the memory for further recall without any memory lapses.

Case study method

In the case study method, a problem or an issue with any company is written and given to the trainees. The issue may be anything, from marketing problem to decision-making situation. The trainees are given the entire background of the problem including facts, figures, and company history. They are then required to analyse and respond to the issue given to them. After finishing the analyses, the trainees put forward their suggestions which are then discussed by all the trainees. Trainees learn in this method by participating in the discussion and by analysing the suggestions put forward by other trainees. By participating in case study discussion, trainees become aware that there are more than one solutions to most of the problems. The case study method essentially teaches skill rather than knowledge. It is used to develop the analytical abilities of trainees.

In the case study method, it is the case/problem which is the source of learning rather than the trainer. But this is not to suggest that the trainer has no role to play as it is the trainer who selects the cases and directs the discussion in a specific line of enquiry. The learning objective of this method is to encourage the trainees to participate, and to apply the knowledge which they hitherto have learnt or acquired.

The case study method has developed a variant known as incident process. Unlike a case study, where all the relevant details of the case are provided, in the incident process method, only brief and sketchy detail of the problem is provided. The trainees are expected to gather other relevant details from the trainer or do their own research. This method focuses on developing information gathering and sorting skill of the trainees, as it is information on which most decisions are made. As a training method, the case study method is very effective for skill development. Organizations often use it for training their managers and other employees.

Role play method

A role play is a training method in which trainees act in hypothetical situations, in assigned roles, by improvising their behaviour. Trainees are provided with information regarding the context, the general situation and an outline of their roles. Role plays are particularly useful for developing demonstration skills, management skills, decision making, skills, etc. The following are some of the types of role plays used for training:

- **Structured role play:** This type of role play is used to develop interpersonal skills. The trainees are provided elaborate details of the situation, the character outline, etc.
- **Spontaneous role play:** Unlike structured role plays, in a spontaneous role play, there is no elaborate outlining of the character that happens more as a

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result of the nature of interactions among the trainees. This type of role play is not used to develop any specific skills; it aims at just providing the trainee with some behavioural introspection.

- **Single role play:** It refers to playing of allocated roles by a chosen group of trainees, while the rest watch and observe the performance. The non-performing group analyses the interactions and tries to learn from the interactions. This type of role play is not preferred by the trainers as it puts only one section of trainees into performance role and the other into mute spectator role. The role allocation might not be liked by sensitive trainees. Hence, trainers feel apprehensive about using this type of role play.
- **Multiple role play:** Unlike single role play, in multiple role play, all the trainees are divided into groups and all groups take turn in playing the roles assigned to them. Each group analyses the interactions and shares the analysis with other groups. Multiple role plays contribute to a greater amount of analysis, and at the same time, it reduces the time taken to complete the performance process as a number of groups is involved in the role play.
- **Role rotation:** In this type of role play, the roles are rotated among different set of trainees so as to allow different approaches to the same role. In role rotation, a trainee first enacts the role. Then the trainer stops the role play and discusses the role and its learning points. After discussion, the next trainee takes over the role, and in similar vein, the process goes on.

The most important aspect of role play is the analytical discussion, known as debriefing, which takes place after the enactment. Debriefing provides an opportunity to the trainees to analyse 'What has been going on?' During debriefing sessions, the participants recall their feelings, attitudes and responses during the enactment. It helps the trainees in understanding their experience and in discussing their insights with other fellow trainees.

Simulation method

Simulation represents the replication of environment, processes, and situations that occur in a work situation/environment. The aim of this method is to provide the trainee with the 'feel' of work place situation in a controlled setting. Simulation is a method best suited for imparting skills such as pilots sharpening their flying skills on flight simulators. Similarly, Maruti Udyog Ltd. has developed simulators to teach driving skills. Simulation believes that the best way to learn is by 'actually working on the equipment or machine.' For an effective simulator training, it is important not only to physically replicate the equipment, but also to create the same operational environment, including the psychological pressures. Major call centre companies train their employees by simulating the actual work environment. All the trainees get a work cubicle exactly like the one at the workstation, along with all the relevant materials, including a database having client's name and other details. One of the reasons for the companies replicating the exact workstation environment is to make the trainee feel familiar with the work environment as this makes the transition from training room to job cubicle easy. The success of this method lies in the exact replication of work environment. However, replicating work environment is an expensive affair. Hence, all companies do not use this method of training.

Business game method

The learning objective of business games is development of management skills, and these games are simulations that try to recreate the functioning of a company or an

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industry. Games are inherently competitive by nature. Hence, these business games mimic the competitive environment of business. According to S. Wiebenga, business games have the following characteristics:

- They are in the form of contests between trainees, or one group of trainees against another group, or against some predetermined standards like sales target, etc.
- They require the trainees to use their acquired knowledge, developed skills, and basically, they have to show an understanding of the situation and respond to it by using all their skills and knowledge.
- They provide a situation for which a number of alternative solutions are available, and the trainees are expected to analyse the situation vis-à-vis the solutions.
- They are governed by 'rules of the game', just like the game of soccer.

Business games can be designed to suit learning objectives. For instance, the games can be either inter-company or intra-company. In inter-company games, two respective groups of trainees compete against each other in a simulated market environment. They may be competing for market sales of their respective products, etc. For instance, University of Texas has created a business game called Executive Challenge. It is a three-day game where students are divided into three companies having limited production capacity and employees with different skill sets. As part of the game, companies support the existing projects and decide on resource utilization. In intra-company games, the teams may be made to devise solutions for marketing problems or to find solutions to deal with current recession etc. According to R. Zemke and other trainers, some of the purposes for which business games are designed are as follows:

- To develop executive and management skills
- To develop decision-making skills
- To combine different aspects of training into one whole
- To enhance problem solving capacity in a controlled setting
- To develop leadership abilities
- To develop tool/technology related skills

Trainers prefer using business games as a training tool when the learning objective demands a holistic or systemic perspective. The business games simulate the entire organization. Hence, when the trainees participate in these games, they get to know how the system works, how decisions are made, how the chain of command responds, etc. Like in role play, debriefing is an important component of business games. Business game debriefing includes feedback from the trainer, analysis of the decisions made during the game, discussions on skills and behaviour patterns displayed, etc. It is debriefing after the game which facilitates learning.

Behaviour modelling method

The behaviour modelling method is based on the concept that people learn by observing other persons whom they believe to be credible and knowledgeable. In this method, the trainees are presented with a model (who can be the trainer also) that demonstrates the required behaviour and the trainees are expected to observe and learn from it. Learning in this context means replication of the exact behaviour pattern displayed by the model. This method is effective where the learning objective is development of behavioural skills. Research conducted by Simon and Werner points out that this training method is one of the most effective methods for interpersonal and computer skills training.

The characteristics of behaviour modelling process are as follows:

- Presentation of the required key behavioural skill
- Presentation of the concept behind the key behaviour
- Trainer pointing out the critical behaviours to observe in a model
- Demonstration of key behaviour by the model
- Practice by the trainees of the modelled behaviour
- Evaluation of practice
- Feedback from the trainer

In simple words, the behaviour modelling training session consists of presentation of key behaviour skills, explanation of the rationale behind the behaviour, practice of the behaviour by the trainees, evaluation of the model's performance and trainees' performance and feedback. Behaviour modeling as a training method is very popular with trainers as it can be used for any type of skill training. To make this method more effective, trainers have started using videomodelling and feedback.

On-the-job training (OJT) method

OJT method is one the oldest types of training methods. It refers to recruits learning at work under the supervision of a line manager or a supervisor. According to P. Swamidass, 'OJT is the preferred method for training employees for new technology and increasing skills in the use of existing technology.' OJT is a useful method for training fresh recruits and newly promoted employees; for orienting transferred employees and for skill enhancement. For training, OJT uses skilled workers who double up as trainers. OJT is considered to be informal and unstructured as most instructions are at the worksite. It is characterized by:

- Unstructured instruction pattern
- Lack of specific training objective
- Lack of systematic learning contents
- Absence of formal trainers as training is given by skilled employees

Despite its unstructured and informal nature, OJT has the following advantages:

- It can be adapted to suit the abilities of the trainees.
- Since training is at job site, it can be immediately applicable.
- Companies save on trainer cost, training site cost, etc.
- Since trainees learn on actual job task, skill transferability becomes smooth.

The only problem with OJT is its unstructured nature which can contribute to ineffective employees. Hence for OJT to be effective, it has to be structured and systematic. Structured OJT's are planned programmes which achieve learning through the following steps:

- Observes the skilled worker perform
- Is explained the procedure throughout the performance
- Practises under the trainer supervision
- Continuous feedback provided by the trainer
- Practising repeatedly, the trainee learns the task

OJT has numerous forms and some of them are discussed in detail in the following paragraphs.

(i) Apprenticeship: According to R. W. Glover, 'Apprenticeship is a work study training method with both on-the-job and classroom training.' In India, the definition of apprentice is provided by the Apprentices Act, 1961. According to this Act, apprenticeship training means 'a course of training in any industry or establishment undergone in pursuance of a contract of apprenticeship and under prescribed terms and conditions which may be different for different categories of apprentices'. In an apprentice programme, the duration of training is clearly specified. For instance, Indian Navy has an apprentice programme where a trainee spends four years learning the specific skill. Most apprenticeships are in skilled trades like machinists, welders, electricians, etc. Apprenticeship training does involve some amount of classroom instruction also. According to A. H. Howard, the OJT aspect of apprenticeship program can be made effective by including modelling, practice, feedback and evaluation. Apprenticeship programs are attractive to trainees due to two factors: firstly, they are paid stipends during the apprenticeship and secondly, most apprenticeships result in full employment.

(ii) Mentoring: Mentoring is a process that allows a specific set of trained individuals to provide support, suggestions and training to executives under them so that they can learn and develop the required skills. Clutterbuck defines mentoring as 'off-line help from one person to another in making significant transitions in knowledge, work or thinking'.

Mentoring is basically a way of helping executives of an organization to learn from the knowledge and experience of a trained individual. It is different from coaching because coaching is a means of increasing the competency of executives. Mentoring, on the other hand, allows executives to learn while they are performing their job responsibilities. As a result, the executives gain skills and knowledge specific to their job. The various benefits of mentoring are as follows:

- It helps executives create programmes for self-development and learning.
- It helps executives acquire skills and knowledge for performing new job responsibilities.
- It provides assistance to executives to learn from learning programmes.
- It helps executives in handling administrative and technical problems.
- It provides information about corporate culture and core values maintained in it.
- It provides knowledge about specific skills to executives.
- It helps executives in handling a project by assisting them in case of a problem and not by doing the project for them.

In the mentoring process, no specific procedures are followed to train executives. However, the mentors, who are trained individuals responsible for training and supporting executives, must be capable of providing the right kind of support to executives. These mentors may also be required to be trained for their role.

The two categories of functions performed in the mentoring process are as follows:

(a) **Career functions**: Career functions include:

- **Sponsorship**: This function allows a mentor to recommend a junior executive for a promotion.
- **Exposure and visibility**: This function allows a mentor to provide opportunity to junior executives to interact with top management personnel.

- **Protection**: This function allows a mentor to protect their junior executives from disadvantageous situations and top managers of the organization.
- **Challenging assignments**: This function allows a mentor to help junior executives in increasing their competency by doing challenging assignments.

(b) **Psychological functions**: Psychological functions include:

- **Role modelling**: This function allows a mentor to provide a specific role model, which can be followed by the junior executives.
- **Acceptance and confirmation**: This function allows a mentor to provide support and assistance to junior executives so that they can resolve their problems and gain confidence.
- **Friendship**: This function allows a mentor to provide practical assistance to junior executives so that they are comfortable in social interaction with the mentor.

(iii) Counselling: A psychological help

According to Ghosh and Ghorpade, 'Counselling is defined as discussion of an emotional problem with an executive, with the general objective of reducing it so that performance is maintained at adequate level or even improved upon.'

According to B.J. Prasantham, 'Counselling is a relationship between the counsellor and the counselee characterized by trust and openness, in a one to one, or a small group relationship, whereby the counselee is helped to work through his interpersonal and or intra-personal problems and crises. He is also helped to mobilize his inner and outer resources and to find new options in facing life.'

According to Keith Davis, 'Counselling is discussion of a problem that usually has emotional content with an executive in order to help the executive cope with it better. Counselling seeks to improve executive mental health.'

Characteristics of counselling

- It is exchange of ideas and feelings between two people, counsellor and counselee, so it is an act of communication. Thus successful counselling depends on communication skills.
- It helps executives in coping with their emotional problem, which on the other hand helps in tackling organizational problems. Counselling also helps an organization to be more human and considerate with the problems of executives.
- It is generally confidential and hence executives feel free to talk openly about their problems involving both jobs and personal problems.
- It may be performed by both professionals and non-professionals.
- It enhances job satisfaction and morale of the executives.

Causes of counselling

In today's fast-moving society, an executive is confronted with numerous problems, which may be personal or related to his job. Some of the conditions like frustration, job dissatisfaction, resistance to change, inter-group conflict and interpersonal relationship generate counselling needs. In such situations, counselling facilitates reducing of his stressful condition and thereby helping him return to normal job performance and behaviour. Thus, counselling helps an emotionally disturbed executive to become normal

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and develop self-confidence, self-control and understanding in order to work effectively. The causes of counselling needs are as follows:

- **Conflict**: A conflict arises when there is disagreement between two or more individuals or groups or when a group tries to gain acceptance of its views or objectives by the other group. A group consists of two or more individuals who interact regularly with each other to accomplish a common purpose or goal. Conflict among groups is undesirable and it should be avoided and resolved as soon as possible. Conflicts may be personal or organizational. Personal conflict among the individuals of a group is more emotional in nature and reflects feelings, anger, distrust, fear, resentment, clash of personality and tension. The organizational conflict involves disagreement on the factors such as allocation of resources, organizational policies and procedures, nature of assignments and distribution of rewards. The most serious problem which the individuals face is interpersonal conflict as it affects deeply their psychological being. In order to avoid conflict, an environment of goodwill and trust should be developed by the organization. Proper organizational structures, authority relationship and good human relations can help in preventing conflict. Counselling facilitates resolution of conflict by reducing emotional blockages.
- **Stress**: Stress is a condition of strain that has a direct bearing on emotions and physical conditions of an individual. When the stress is excessive, it can threaten one's ability to cope with the environment. People who are stressed may become nervous. Stress also leads to physical disorders because the internal body system changes with the stress level. The causes of stress can be classified under two heads:
    - **On-the-job stress**: The job itself may pose as the basic cause of stress. Executives may not be able to cope with the demands of the job or the requirements of the job may be unclear to them. In such situations, the executives may feel overloaded with work, pressure, tension, anxiety and insecurity. All these feelings cause stress.
    - **Off-the-job stress**: The causes of stress off the job are numerous, such as financial problems, death in the family, marital problems and problems with children.

    The ability to tolerate stress is not the same in all individuals.
    - **Frustration**: Frustration is another factor which necessitates counselling. When an executive faces repeated interference in his work it prevents him from achieving the desired goals. In frustration, the executive may show various kinds of reaction such as aggression, apathy, withdrawal, regression, physical disorders, substitute objectives, negativism and fantasy.

Functions of counselling

There are many functions of counselling. Some of them are as follows:

- Offering advice
- Offering reassurance
- Inducing a clarified thinking
- Releasing emotional tension
- Facilitating communication
- Reorienting executive's self

Types of counselling

Counselling is of the following types:

- **Directive counselling**: Directive counselling is the process of hearing of a person's emotional problems, deciding what he should do and then telling and motivating him to act accordingly.
- **Non-directive counselling**: Non-directive or client-centred counselling is the process of skillfully listening to a person and encouraging him to explain his emotional problems, understand them and determine courses of action. It focuses on the counselee rather than the counsellor as judge and adviser and hence it is 'client-centred'.
- **Participative counselling or cooperative counselling**: This form of counselling is worth a serious notice as it appears to be more practically applicable and more readily suitable to managerial attitudes and temperament in Indian organizational situations than the other two. It is in the middle of directive and non-directive counselling.

(iv) Job instruction technique (JIT)

The original JIT was first used in production during the World War II as a systematic method to train people as quickly as possible to meet the war demands. Components of the original JIT practised during the World War II JIT are still used. JIT consists of the following four steps:

(a) **Planning or preparation:** The skilled worker-cum-trainer looks at the training from his point of view, thereby failing to understand the needs of the trainee. For instance, while teaching a trainee, the skilled worker may not explain some of the operations because he thinks they are extremely simple. The point is, in an unstructured OJT, the job to be learnt is not written down and understood systematically. This prevents the trainees from receiving effective OJT. Hence, the first step in JIT is preparation which includes systematic analysis and documentation of the job. On the basis of documentation, the trainer prepares a specific instructional plan for the trainee. For learning success, learning environment matters, hence the next step in this stage is the creation of learning environment. This is done by providing the trainee with orientation, familiarizing the trainee with training program and steps of OJT.

(b) **Presentation:** According to L. Gold, this stage consists of four activities: tell, show, demonstrate and explain. The trainer first starts by verbally explaining the job, the nature of the task, and as he explains the job he shows the trainee the different aspects of the job. Please note that showing is not actually doing the job or demonstrating the job. When the trainer shows the job, he is actually pointing out to the trainee the location of the equipment, the raw materials, the spare parts and other aspects of the equipment. After familiarizing the trainee with the job and the equipment associated with it, the trainer proceeds to demonstrate how to perform the job. The trainer at this stage actually performs the job for visual observation of the trainee. At this stage, the trainee is expected to watch and learn. As he performs the job, the trainer explains the importance of the job—why it is done— and speaks about the safety regulations, etc.

(c) **Trial:** During this stage, the trainee displays his retention and recall ability first by verbally recalling the method of doing the job and then by actually performing the job in the presence of the trainer. This stage of trying out allows the trainer to give constructive feedback after observing the trainee perform the job. Mistakes committed by the trainee are rectified at this stage.

(d) **Follow-up:** Follow-up refers to the efforts made by the trainer to keep track of his trainee's job performance. The trainer follows the job performance of his trainee even after the latter's training programme is over. The motive behind such a follow up effort is to prevent the trainee from developing bad work habits or practices.

OJT is an effective method for skill enhancement, but the issue of competent trainer raises questions regarding the method's efficiency. Broadly speaking, the qualities of a good trainer are technical and training competence and the ability to motivate. OJT's reliance on skilled workers to train inexperienced workers raises questions about trainer's competency. Organizations tend to use structured OJT's to negate the issue of trainer's competency.

Popular computer-based training techniques

Delivery of training programmes and technology share a very close relationship, as a change in technology has an instant effect on training methods. For instance, when video technology developed, the training world adopted it to provide trainees with audio video stimulation to enhance learning. Even classroom teaching could not escape the technical advancements, as is evident from the increasing use of SMART boards instead of black or white boards. Presently, it is computers which have entered the training room and learning world. With computers coming within reach of common man and the Internet becoming easily accessible, trainers have started developing computer based training programs for effective learning. Organizations have also started waking up to the following advantages of computer based training methods:

- Computers provide instructional consistency.
- Computers enable learning in privacy, which suits sensitive employees.
- Computer training is usually interactive, reducing training time.
- Computers considerably reduce training delivery costs.
- Computer based interactive training enables continuous following of trainee's learning progress.
- Computers allow increased access to training materials.

According to Hannum, 'Computer-based training is an interactive training experience in which as computer provides the learning stimulus the trainee must respond, and then the computer analyses the responses and provides feedback to the trainee.' In other words, computer-based training is an interactive training method that combines elements of lecture, demonstration and one-on-one and simulation methods, thus allowing the learner to have real-world learning experience.

Computer based training includes multimedia, interactive videos and other software and devices which can be used on a personal computer. Popular computer-based training methods are discussed as follows:

Programmed instruction

Programmed instruction was first enunciated by Skinner in a paper titled *The Science of Learning and the Art of Teaching*. Skinner believed that complex ideas can be easily taught in small progressive steps, which are reinforced immediately for each response or answer. He felt that such immediate feedback can serve as powerful motivator for learning. Based on the conceptual foundation provided by Skinner, programmed instruction made its entry in training world in the 1950s and since then it has progressed rapidly and gained acceptance as a useful training method.

Programmed instruction is also known as self-paced training. It is known as self-paced because learning occurs at the pace set by the trainee. The concept behind programmed instruction is very simple; it is about breaking up the lesson into as many segments as possible. Each learning segment has to be mastered before the trainee progresses to the next lesson. The programme determines the trainee's learning through his responses to the questions. In case the trainee is unable to answer the questions correctly, he is given more exercises to practise until he has mastered the segment. In this method the learner progresses from lesson to lesson in a pre-designed course of instruction. Programmed instruction is effective in teaching facts and concepts, updating previously learnt skills, or providing new skills. In programmed instruction, the training contents are designed for a specific topic, e.g., leadership skills. The learning objectives and instructional goals are clearly explained to the trainee. As a training method, programmed instruction has the following characteristics:

- Trainees work individually on the programmed instruction.
- Trainees learn the learning content at their own pace.
- Learning content is divided into different segments.
- Each segment is presented to the trainee individually.
- Learning outcome is decided by the programme on the basis of trainee response.
- Programme feedback includes explanations on trainee's incorrect responses.
- Programme enables practice of a segment till the trainee masters it.
- After mastering one segment, the trainee moves on to the next segment.

Strengths of programmed instruction

The strengths of programmed instruction as a training method are as follows:

- Well designed programmes give immediate feedback which enables immediate correction on trainee's part.
- Instruction can be closely matched to trainee's ability.
- Instruction can be designed to suit individual trainee's learning style.
- All correct responses are reinforced at once and this makes the trainee aware that he is making progress and this itself acts as a motivation for learning.
- Training can proceed in the absence of trainer.

Limitations of programmed instructions

The limitations of programmed instruction as a training method are as follows:

- Poorly designed programs can be repetitive.
- The trainee–trainer face to face interaction is not possible.

(v) Intelligent tutoring system (ITS)

Intelligent Tutoring System refers to instructional system that contains artificial intelligence components. ITS has three kinds of environment, which are as follows:

- **Tutoring:** It refers to a systematic attempt to increase the trainee's understanding of a content domain.
- **Coaching:** It refers to the practice of skills by trainee in an artificial environment.
- **Empowering:** It refers to trainee's freedom to explore the content of the training program.

One of the features of ITS is that it not only guides the trainee but also chooses the appropriate level of instruction for the trainee. As the trainee interacts with the programme, ITS learns from the process what worked with the trainee and what did not and on this basis, ITS alters the training programme to suit individual needs. According to Hyde and Johnson, the following are the components of ITS:

- **Expert knowledge base component:** It is the set of knowledge about what is correct.
- **Trainee model component:** It records and stores information of the trainee's performance along with his responses.
- **Training session manager component:** It is the most vital component of ITS. This component reads and interprets trainee's responses and decides on further instructional action—whether to take the instruction to the next level or to keep the trainee in the same segment as he needs more practice. In fact, it is this component that decides the nature of feedback.
- **Training scenario generator component:** It decides the level of difficulty of the practice problems that is to be given to the trainees. It responds after the training manager component decides on the nature of the feedback. The response of this component is entirely based on the interpretation of the training session's manager.
- **User interface component:** It is that part of hardware which allows the trainee to interact with the ITS. The hardware can be keyboard with cord or without cord, mouse with or without cord, etc.

According to Seidel, Park and Perez, the following features of ITS distinguish it from programmed instruction:

- It can generate instruction which corresponds to individual trainee's needs and abilities.
- It is interactive as it can respond to the trainee's queries.
- It creates a model of trainee's learning process.
- It can interpret trainee's response and respond accordingly with feedback.
- It can decide on the trainee's level of understanding.
- It can interpret the responses and decide on a corresponding instructional strategy.

The only drawback that ITS suffers vis-à-vis programmed instruction is the cost factor of developing an appropriate ITS. If we take out the cost factor from equation, ITS is a much more effective training method than programmed instruction.

Interactive multimedia training

Multimedia training combines audio-visual training methods with computer based training. Multimedia creates training environment by integrating graphics, images, text, audio and animation for the trainee to interact and learn. An interactive multimedia is effective in training people than the static classroom based text method. The key element here is interactivity. Interactivity and simulation improve comprehension and retention of material. The interactive multimedia training applications can be delivered, when the employees need training most and where it is more convenient to them, at their desk top or in their offices.

The advantages of interactive multimedia training are as follows:

- The process of interaction with the content provides a strong learning reinforcement that significantly increases content retention.
- Interaction with material creates involvement with the learning process.
- Trainees learn at their own pace and control the sequence of learning.
- Interactivity creates the most efficient path to mastery of the content.
- Visuals and audio are tools which facilitate clearer understanding.
- Interactive systems provide for and accommodate different learning styles to maximize the trainee's learning efficiency.
- Interactive media provides consistent reliable training delivery.
- Interactive multimedia training reduces delivery costs.
- Interactive multimedia training provides immediacy of training, bringing training online, when and where it is needed to decrease down-time.
- Computer-based interactive training allows the trainee immediate access to context sensitive help screens. On the downside, interactive multimedia suffers from following shortcomings:
  - o Developing interactive multimedia training programmes can be prohibitively expensive for some less resourceful companies.
  - o Interactive multimedia is effective in certain training areas but can be ineffective in such training areas which require subtle behavioural cues or cognitive processes.
  - o Some trainees suffer from technology anxiety and may resist from using this technology oriented training method.
  - o Regular updating of interactive multimedia training material can be a problem as developing regular updates involves cost and time.

Virtual reality

In technical terms, virtual reality is a high-end user-computer interface that involves real-time simulation and interactions through multiple sensorial channels. These sensorial channels are visual, auditory, tactile, smell and taste (Burdea and Coiffet). In simple words, virtual reality is a simulation in which computer graphics are used to replicate reality. From the training point of view, virtual reality enhances training experience by providing trainees with a three-dimensional learning experience. By using sophisticated hardware and software, the trainees can view virtual model and interact and move about in the simulated environment. For effective learning, multiple senses have to be stimulated and virtual reality is extremely effective in stimulating multiple senses. Devices like headsets and, gloves (which provide sense of touch), motion platforms, audio interface, 3-D models, etc. allow the trainee to experience 'presence' despite being not there physically. This kind of virtual experience can be used for providing training in handling dangerous equipments or expensive equipments. The advantage here is that trainees can learn to operate dangerous machinery without risking their lives. In this replicated world of virtual reality, the trainee learns by interacting with the three-dimensional images to accomplish specific training objectives. The only issue that plagues virtual reality as training method is 'simulator sickness' due to prolonged exposure to virtual environment.

CHECK YOUR PROGRESS

7. Training attempts to bring positive changes in which areas?
8. List the various types of training.
9. Give any three reasons why training is needed.
10. What does training methods or techniques refer to?
11. What is the learning objective of case study method?
12. List the teacher-centred methods of training.

3.4 EXECUTIVE OR MANAGEMENT DEVELOPMENT AND ORGANIZATION DEVELOPMENT

Executive or management development is a long-term educational process utilizing a systematic and organized procedure by which managerial personnel learn conceptual and theoretical knowledge. Development is a related process. It covers not only those activities which improve job performance but also those which bring about growth of the personality and help individuals in the progress towards maturity and actualization of their potential capacities so that they become not only good employees but also better human beings. In organizational terms, it is intended to equip persons to earn promotion and hold greater responsibility. Training a person for a bigger and higher job is development.

According to Harold Koontz and Cyril O'Donnell:

> Developing a manager is a progressive process in the same sense that educating a person is. Neither development nor education should be thought of as something that can ever be completed, for there are no known limits to the degree one may be developed or educated. Manager development concerns the means by which an erosion cultivates those skills whose application will improve the efficiency and effectiveness with which the anticipated results of a particular organizational segment are achieved.

According to G.R. Terry:

> Management development should produce change in behaviour which is more in keeping with the organization goals than the previous behaviour. The change frequently consists of a number of small steps resulting from training but the cumulative effect is considerable. It is also basic that a terminal behaviour is identified before the development efforts starts.

Executive Development

Thus, executive or management development implies that there will be a change in knowledge and behaviour of the individuals undergoing development programme. The individual will not only be able to perform his job better but also increase his potential for future assignments through the acquisition, understanding and use of new knowledge, insights and skills. Self-development is an important concept in the whole programme of management development.

Need and importance of executive development

In this age of 'professionalization of management' the importance of executive development cannot be minimized. Executive talent is the most important asset of an organization. According to Peter Drucker, 'An institution that cannot produce its own managers will die. From an overall point of view the ability of an institution to produce managers is more important than its ability to produce goods efficiently and cheaply.' The need for executive development is felt because:

- There is a shortage of trained managers. The organization has to develop the talented employees and maintain an inventory of executive skills to meet the future demands.
- The performance of a company depends upon the quality of its managers. Executive development, therefore, is of paramount importance to have effective and desired managerial talents to meet the organization's demand.
- Obsolescence of managerial skills is another factor which calls for continuous executive development. A manager must regularly update himself to successfully meet new challenges.

Objectives of executive or management development

The objectives of executive or management development are as follows:

- To ensure a steady source of competent people at all levels to meet organizational needs at all times
- To prevent managerial obsolescence by exposing the managers to new concepts and techniques in their respective fields of specialization
- To prepare the employees for higher assignments so that they may be promoted from within
- To develop a second line of competent managers for future replacements
- To promote a high morale and good organizational climate

3.4.1 Methods of Management Development

Methods of management development can be classified into two broad categories:

1. On-the-job methods

On-the-Job methods include the following:

(i) Coaching: Coaching is learning through on-the-job experience. Coaching involves direct personal instructions and guidance usually with demonstration and continuous critical evaluation and correction. On-the-job coaching is given by a superior as he teaches job knowledge and skills to a subordinate.

The coaching method offers certain advantages:

- It provides an opportunity to a trainee to develop himself.
- It provides quick feedback to the trainee as well as trainer of what they lack and what measures can be taken to overcome their shortcomings.

(ii) Job rotation: Job rotation as a means of management development, offers certain positive contributions. It allows the managers to appreciate the intricacies involved in difficult jobs and how their own jobs are affected by such intricacies. Further, managers may develop broader horizon and perspectives of a generalist rather than the narrower horizon of a specialist. The trainee is periodically rotated from job to job so that he acquires a general background of different jobs.

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(iii) Special projects: Under this method, an trainee is assigned a project that is closely related to the objectives of his department. The trainee will study the problem and make recommendations upon it.

(iv) Committee assignments: Under this method, an ad hoc committee is constituted and assigned a subject to discuss and make recommendations. The committee will make a study of the problem and present its suggestions to the departmental head. The trainees have to work together and offer solutions to the problem. This method helps trainees to solve an actual organizational problem. The advantage of committee assignments is to help trainees develop team spirit and work together towards common goals.

2. Off-the-job methods

Off-the-Job methods include the following:

(i) Role playing: Role playing as a method of learning that involves human interaction in an imaginary situation. In drama and play, actors play various roles wherein they assume themselves to be persons whose role they play. Similar is the case in role playing training where the trainee is given a role to play. The role playing technique is used in groups where various individuals are given the roles of different managers who are required to solve a problem or to arrive at a decision..

(ii) Case study: The case study method of training employs simulated business problems for trainees to solve. The trainee is expected to study the information given in the case and make decisions based on the situation. Typically, the case method is used in the classroom with an instructor who serves as a facilitator. This method gives the trainee an opportunity to apply his knowledge to the solution of realistic problems.

(iii) Conference training: In this method, the trainer delivers a lecture and involves the trainees in a discussion so that doubts, if any, are clarified. The conference method is a group-centred approach where there is a clarification of ideas, communication of procedures and standards to the trainees. The trainee as a member can learn from others. The conference is ideally suited to learning problems and issues and examining them from different angles.

(iv) Management games: A management game is a classroom exercise in which teams of students compete against each other to achieve common objectives. The game is designed to be a close representation of real-life conditions. Here, two or more teams participate depending on the situation, with each team having four to seven participants. Each competing team is given a company to operate in the light of the situation provided in the game. If designed and conducted properly, management games contribute in the development of participants in the following ways:

- The participants develop skills, particularly diagnostic decision-making skills and group interactions skills.
- Participants learn to operate in a competitive environment

(v) Sensitivity training, or T Group training: It is an experience in interpersonal relationships which result in change in feeling and attitudes towards oneself and others. In sensitivity training, a small group of ten-to-twelve people is assisted by a professional behavioural scientist who acts as a catalyst and trainee for the group. There is no specified agenda and a leaderless group discussion takes place where group members express their ideas and feelings freely. They can discuss anything they like. As the members discuss and engage in a dialogue, they are encouraged to learn about themselves and the way they should interact with others.

(vi) **In-basket exercise:** Also called 'in-tray' method of training, it is built around the 'incoming mail' of a manager. In this method, the participants are given a number of business papers, such as memoranda, reports and telephone messages, that would typically come to a manager's desk. One method is to present the exercise to the trainee and to note his reaction. A slight variation is that business papers are given to the participant and he is required to act on the information contained in these papers. Initially assigning a priority to each particular matter is required. Through the feedback, the trainee comes to know his behavioural pattern and tries to overcome the one which is not productive or functional. Thus, he can learn techniques of giving priorities to various problems faced by him.

(vii) **Syndicate method:** This refers to a method of management development technique wherein groups of trainees consisting of eight-to-ten members in each group are involved in the analysis of a problem. Each group is briefed about the problem. Each group independently discusses the issues involved and presents its ideas. These ideas are then evaluated by group members with the help of the trainer. Such exercises are repeated so as to enable the participants to look at the problems in the right perspectives. This enables trainees to develop decision-making skills.

(viii) **Multi-management:** Also known as 'Junior-Board of executives', it is a system in which permanent advisory committees are constituted to study problems of the organizations and make recommendations to top level management. In multi-management, the constituted committees discuss actual problems and offer alternative solutions. The recommendations are made based on the best alternative.

(ix) **Special courses:** The executives may be required to attend special courses, which are formally organized by the enterprise with the help of experts from educational institutions.

(x) **Group discussions:** In this method, the executives are given topics followed by discussions. These topics are selected in advance by the trainers and some papers or documents are given to the executives to guide them about the previous comments on those topics. This method gives a wide circulation of ideas on the same topic and large groups share their experiences on that particular topic.

Development programmes help executives in acquiring and developing a variety of skills and knowledge. These skills and knowledge include:

- Decision-making skills
- Interpersonal skills
- Job knowledge
- Organizational knowledge
- General knowledge
- Specific individual needs

3.4.2 Organizational Development

Organizational development deals with the planning and implementation of programmes, which are designed to increase the functionality of the organization. It helps the organizations in improving their problem-solving processes. It also helps to enhance the effectiveness with which an organization responds to the changes. The main aim of organizational development is to increase the effectiveness of the organization by adopting appropriate planned and coherent approaches. The following activities are involved in the process of organizational development:

(i) **Action research:** Action research can be defined as a process of systematically collecting data about different process issues from the people. These collected data are then analysed and evaluated by the organization to identify the problems and causes of these problems, so that the corrective actions can be taken to solve these problems. According to Kurt Lewin, 'Action research is a comparative research on the conditions and effects of various forms of social action and research leading to social action' that uses 'a spiral of steps, each of which is composed of a circle of planning, action, and fact-finding about the result of the action'.

(ii) **Interventions:** Interventions can be defined as a set of structured activities involving clients and consultants. Intervention focuses on generating valid information for the clients, so that they can easily understand their problems. It can also be used for creating opportunities for the clients that allow them to search the solutions for their problems in an easy and efficient manner.

(iii) **Performance management:** Performance management is a management process which ensures that goals and objectives of an organization are consistently being met in an effective and efficient manner. Performance management is responsible for managing the performance of the organizations, different departments within an organization and the employees and processes used to build products or services. Performance management consists of following activities:

- **Plan**: It helps to decide what to do and how to do.
- **Act**: It refers to carrying out the work required to implement the plan.
- **Monitor**: It involves continuous checks on what is being done. It also involves the measurement of the outcomes in order to assess the progress of implementing the plan.

(iv) **Team building:** Team building focuses on developing and improving the efficiency and effectiveness of a group of people that work together in an organization. This improvement can be defined in terms of outputs such as speed or quality of the decisions and actions performed by the team. The various activities that are involved in the process of team building are responsible for:

- Increasing the knowledge and awareness about various social processes that may take place within teams
- Developing the interactive and interpersonal skills that enable individuals to function effectively as the team members
- Increasing the total effectiveness with which the team operates in an organization

(v) **Organization planning:** Organization planning can be defined as a task of determining a course of actions that must be taken in order to achieve desired goals. It involves selecting objectives, policies, procedures and programmes from various available alternatives, in order to get desired goals. It is required at all levels of management. However, its scope and importance increases at successively higher levels. It is an interdependent and continuous process, which coordinates the activities of various departments, sections and subsections of an organization. It is responsible for governing the survival, growth and prosperity of an organization. Planning helps the management to implement future programmes in a systematic manner, in order to obtain maximum benefit. It enables all the activities to be conducted in an orderly and coordinated manner to achieve the common goals of the organization. The following sequence of steps is involved in the organizational planning process:

- Analyzing the external environment
- Analyzing the internal environment of the organization
- Defining the mission of the organization
- Determining the organization's objectives
- Establishing the planning premises
- Determining alternative course of action
- Evaluating the alternative course of actions
- Selecting the best course of action and developing strategies for implementing them
- Creating the sequence of activities
- Formulating the strategic or long-range plans
- Formulating the functional or tactical plan
- Formulating the action program
- Reviewing and recycling the planning process

(vi) Managing organizational resources: The management of available resources of the organization is essential for the organizational development. Management of organizational resources involves identification, allocation and relocation of resources in order to do a specific task. Resources not only include raw materials or equipments but also the employees working in the organization and the place where it is located. According to Barney, who is credited with developing this view of strategy as a theory, 'A firm is a bundle of resources-tangible and intangible that includes all assets, capabilities, organizational processes, information, knowledge and so on. The resources of an organization can ultimately lead to a strategic advantage for it if they possess four characteristics, that is, if these resources are valuable, rare, costly to imitate and non-substitutable.' For any organization, it is important to have financial resources so as to start and continue with any operation; financial resources are needed at every step in the process of production till distribution. Then there comes the need for physical, human and technological resources to start with the operations. This will require technology, machines and equipments, raw material along with human resources. Organizational resources include formal and informal systems and structures. Resources can be classified into the following two categories:

- **Tangible resources**: Tangible resources are those resources which can be quantified and are visible. Tangible resources include financial resources, organizational resources, physical resources and technological resources.
- **Intangible resources**: Intangible resources are those resources which are partially visible. Examples of intangible resources are human resources, innovation resources and reputational resources.

(vii) Competency: Competency is the combination of the synergistic effects and the special qualities that organizations possess, such as the availability of unique resources to avoid the pressure of competition in the market. The main factors that help an organization stand as a competitor in the market are its unique resources, core capabilities, invisible assets and skilled employees. When an organization possesses a specific ability or competence that other organization does not possess, it is called a distinctive competence. Some of the examples of distinctive competencies are as follows:

- Better-quality and differentiated products, for example, a car, which is more fuel-efficient than its competitor's product
- Creating a market position by supplying highly specialized products to a market division
- Differential advantages, which is based on better Research and Development (R&D) skills of an organization and is not possessed by its competitors
- Access of organization to a low-cost financial source like equity shareholder, not available to its competitors

According to Sharplin:

> A distinctive competence is any advantage a company has over its competitors because it can do something which they cannot or it can do something better than they can. It gives a unique capability to an organization in capitalizing upon a particular opportunity; it may give an organization the competitive edge in the market place and the potential for building a distinctive competence. Thus, it makes the cornerstone of strategy.

Organizations possessing distinctive competence are very advantageous as it is some kind of capability that their competitor does not possess. But it is not possible that every organization has a distinctive competence.

(viii) Measuring organization capability: Organization development largely depends upon the capability of the organization with which it operates. Organizational capability can be defined as the inbuilt capacity of an organization to use its strengths and overcome its weaknesses that helps in organization development. Organizational capability is a skill used for organizing and managing the resources in such a way that they can be used for production. It is the firm's capacity to use resources efficiently. Since organizational capability is the capacity or potential of an organization, it is viewed as a feature that can be measured or calculated. Organizational capability, in terms of attributes, is a sum total of resources and behaviour, strengths and weaknesses, synergistic effects that appear in an organization and the competencies of any organization.

Most strategists believe that the organizational capability is the skill and the knowledge that its employees possess. If the employees are not skilled and not well educated then the organization can never achieve success. The strategists believe that every organization is a learning organization and it is this attitude of learning that makes an organization compete in the market and achieve success.

(ix) Examining organizational behaviour: The availability and effective usage of resources in an organization helps in the organization development and it also determines the capabilities of an organization. We can define organizational behaviour as the force or influence in the internal environment of an organization, which helps in the proper usage of resources.

Some of the essential factors that affect organizational behaviour are quality of leadership, management philosophy, shared values and culture, quality of work environment and organizational climate, organizational politics and use of power. The proper and collective usage of resources and behaviour of an organization helps in determining the strengths and weaknesses of the organization, which is helpful for organization development.

(x) **Strategic alliances:** For organization development, an organization should try to exploit opportunities and overcome threats that are present in its environment. Strategic alliances with the environment involve exploiting opportunities and overcoming these threats in order to support organization development. In this process, organizational strengths are multiplied and weaknesses are reduced. Strategic alliance with the environment needs to be carefully planned and tactfully executed. Strategic management involves effective strategic alliance of the organization with the environment. This is done by formulating and implementing strategies directed at effecting the alliance. Formulation of strategies and implementation of the same thus constitute the core functions of strategic management.

(xi) **Benchmarking:** Benchmarking is one of the trends or perspectives that can be used by the management for the purpose of organizational development. Benchmarking can be defined as a process of comparing the works and service methods against the best practices and best outcomes. It acts as a powerful agent for change and motivation that helps in organizational development. It basically focuses on identifying changes that can result in higher-quality output by incorporating different organizational behaviour techniques. The process of benchmarking involves looking both inside and the outside the organization for identifying the methods that can be used for organizational development. It facilitates organizational development by identifying the improvement strategies. It enables the organization to learn from other organizations. It also helps in the relocation of resources and that speeds up organizational development. It is also used to train and develop human resources to ensure efficient performance that is comparable with the performance of competitors.

Benchmarking is a team activity. In benchmarking, team activity should be encouraged by seeking new ideas, suggestions and cooperation through a process of external consultation. It also involves introducing new ways of working that utilize the talents and abilities of the employees working in an organization. The active involvement of employees at all levels ensures their great interest and commitment, which is essential for the organizational development. In an organization, the internal teams, which are used to obtain and analyse data related to the benchmarking, are responsible for recommending changes and improvements in order to support organization development.

Some organizations implement benchmarking at the start of the projects. This strategy begins with the formation of a team which is responsible for defining the goals of the project and identifying the areas in which benchmarking will be used. Other organizations use benchmarking to carry out their day-to-day activities. The examples include development of benchmarking strategies to reduce manufacturing set-up time, increase in the number of customers served per hour and cut in the delivery time. The following are the sequence of steps involved in an effective benchmarking process:

- Determination of the key performance areas that need to be benchmarked. These include products and services, customers, business processes in all departments and organizations, business culture and calibre and training of employees.

- Identification of the most relevant competitors and best organizations in the relevant industry.
- Setting of the key standards and variables that need to be measured.
- Measurement of the standard variables regularly and objectively.
- Development of an action plan to gain or maintain superiority over competitors.
- Specification of programmes and actions to implement the action plan and monitor the ongoing performance of the organization.

Types of benchmarking

The following are the types of benchmarking:

- *Internal benchmarking:* Internal benchmarking is carried out between closely related divisions or similar plants of the organization. This type of benchmarking uses shared performance parameters as a basis of comparison.
- *Functional benchmarking:* Function benchmarking is more positive approach than internal benchmarking. It is used to compare performance parameters of similar business units of different organizations. It is also used to compare various procedures followed by the organizations for the purpose of organizational development.
- *Competitive benchmarking:* Competitive benchmarking is integral to organizational development. It uses customer requirements as a parameter for comparing the performance of the organization against other companies that are best in the industry. This helps in identifying the areas which should be targeted for improvements to provide organizational development.

Benchmarking in work groups: The major goal of benchmarking regarding work group is to make series of recommendations to obtain desired output. These recommendations describe the class of equipment, system and service, discuss the performance characteristics that are related to that class, clearly identify a set of metrics that aid in the description of those characteristics, specify the methodologies required to collect said metrics and present the requirements for the common and definite reporting of benchmarking results. An ongoing task is to provide a forum for discussion regarding the advancement of measurements designed to provide insight on the operation internetworking technologies.

Benchmark ratios: Benchmarking ratios are used for comparing the actual performance of the organization with the performance of its competitor. They are essential due to the following reasons:

- They are inherently measurable and comparable that makes them ideally suited for management-by-objective programmes. They help focus your attention on the most controllable aspects used for organization development.
- They also help in the clear evaluation of the success and failure of the various processes that are used for organization development.
- They allow the current and future stakeholders to evaluate the conditions of the organization. Lenders, creditors, investors and employees use benchmark ratios for determining the strength and weakness of an organization. These ratios also help obtaining loans, negotiate better payables/receivables interest rates, attract investors and retain employees.
- They provide an objective standard for measuring the performance of the organizations. Tracking of performance at regular intervals helps the management

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pay closer attention to the key factors that can affect the organization development.

(xii) Business process re-engineering (BPR): BPR refers to the overhaul of organizational structure, management systems, employee responsibilities, incentive systems, skill development and use of information technology. BPR can potentially affect every aspect of organizational development. If BPR is successfully implemented in an organization, it can result in enormous reductions in the cost or cycle time. It can also potentially create substantial improvements in quality, customer service and other business objectives. BPR can actually produce revolutionary improvements in business operations. Re-engineering can help an aggressive company to stay on top or transform an organization on the verge of bankruptcy into an effective competitor. The BPR successes have generated international interest and major re-engineering efforts are now being conducted around the world.

On the other hand, BPR projects can also fail to meet the inherently high expectations of re-engineering. Recent surveys estimate the percentage of BPR failures to be as high as seventy per cent. Some organizations have put forth extensive BPR efforts only to achieve marginal or even negligible benefits. Others have succeeded only in destroying the morale and momentum built up over the lifetime of the organization. These failures indicate that re-engineering involves a great deal of risk. In spite of this, many organizations are willing to take those risks because the rewards can be amazing.

According to Dr Michael Hammer, 'Business re-engineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed.'

Today, many organizations have acquired extensive experience in performing BPR. Many experts are still not in agreement on every activity necessary for performing BPR, yet the core activities have remained stable during the continuous debate. The disagreements may be due to the uniqueness of each organization. Because organizations differ, the activities necessary to successfully perform BPR may also differ.

(xiii) Total quality management (TQM): TQM is the management approach implemented by various organizations for the purpose of organizational development. This approach was introduced in the year 1950 and became popular since 1980. TQM describes the culture, attitude and organization of a company in order to provide such types of products that can satisfy the requirements of the customers. This method helps in increasing the business and reducing losses by combining the quality and management tools. It is considered that an organization is made up of many processes and the main objective of TQM is to maintain that an organization should improve these processes by using the knowledge and experience of the workers to provide support for organizational development. Earlier, this method was used only for the manufacturing operations but due to the substantial advantages offered by this method in quality, production and competitiveness, it is now used increasingly in all the fields such as marketing, engineering, sales etc.

(xiv) Enterprise resource planning (ERP): For organizational development, it is essential for the organization to evolve ways and means to keep its operational efficiency at the peak. With the advent of information technology, there have been efforts to utilize it for improving all kinds of industrial and commercial activities to implement organization development. But, the latest trends involve the total integration of information technology with operational domains. ERP helps to achieve such integration with remarkable results in terms of productivity.

ERP aims at defining competitive advantage in the field of manufacturing, marketing, accounting, human resources and other areas in industrial organizations. It cuts across interdepartmental boundaries in an organization. It is said that ERP links information islands. ERP effectively integrates islands of information within the organization, thereby ensuring total transparency, information sharing, healthy dialogue, uniform system and elimination of wastage caused by misunderstandings and an improvement in overall productivity. All these features of ERP make it an integral component of the organization development. ERP is sometimes defined as an integrated suite of application software modules, which provide adequate information for enhancing productivity and competitiveness. This is achieved by optimizing the use of 4M resources: men, machines, materials and money.

CHECK YOUR PROGRESS

13. What is executive development?
14. What does business process re-engineering refer to?
15. What are 4M resources?

3.5 PERFORMANCE APPRAISAL

According to Wendell French, performance appraisal is, 'the formal, systematic assessment of how well employees are performing their jobs in relation to established standards, and the communication of that assessment to employees.'

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

According to Dale Yoder, 'Performance appraisal includes all formal procedures used to evaluate personalities and contributions and potentials of group members in a working organization. It is a continuous process to secure information necessary for making correct and objective decisions on employees.'

According to C.D. Fisher, L.F. Schoenfeldt and J.B. Shaw, 'Performance appraisal is the process by which an employee's contribution to the organization during a specified period of time is assessed.'

From the above definitions we can conclude that performance appraisal is a method of evaluating the behaviour of employees in the work spot, normally including both the quantitative and qualitative aspects of job performance. It is a systematic and objective way of evaluating both work-related behaviour and potential of employees. It is a process that involves determining and communicating to an employee how he is performing the job and ideally establishing a plan of improvement. Performance appraisal emphasises individual development. Now it is used for evaluating the performance of all the human resources working at all levels of the organization and of all types. It evaluates the performance of technical, professional, and managerial staff.

3.5.1 Objectives of Performance Appraisal

Performance appraisal plans are designed to meet the needs of the organization and the individual. It is increasingly viewed as central to good human resource management. Performance appraisal could be taken either for evaluating the performance of employees or for developing them. The evaluative purpose have a historical dimension and is concerned primarily with looking back at how employees have actually performed over given time period, compared with required standards of performance. The developmental purpose is concerned with the identification of employee's training and development needs.

Appraisal of employees' serves several useful purposes:

Feedback

It tells him what he can do to improve his present performance and go up the 'organizational ladder'. The appraisal thus facilitates self-development.

Compensation decisions

It provides inputs to system of rewards. The approach to compensation is at the heart of the idea that raises should be given for merit rather than for seniority.

Performance development

Performance appraisal can help reveal the causes of good and poor employee performance.

Training and development programme

By identifying the strengths and weaknesses of an employee it serves as a guide for formulating a suitable training and development programme to improve his quality of performance in his present work. It can also inform employees about their progress and tell them what skills they need to develop to become eligible for pay rises and/or promotions.

Promotion decisions

It can serve as a useful basis for job change or promotion.

Personal development

Performance appraisal can help reveal the causes of good and poor employee performances.

Improves supervision

The existence of a regular appraisal system tends to make the supervisors more observant of their subordinates .This improves supervision.

Uses of performance appraisal

- It serves as a means of telling a subordinate how he/she is doing and suggesting necessary changes in behaviour and attitudes.
- It thus provides information, which helps to counsel the subordinate. It also serves to stimulate and guide employee's development.
- It is useful in analysing training and development needs. These needs can be assessed because performance appraisal reveals people who require further training to remove their weaknesses.
- Performance appraisal serves as means for evaluating the effectiveness of devices used for the selection and classification of employees.
- It therefore helps to judge the effectiveness of recruitment, selection, placement and orientation systems of the organization.

- Performance appraisal facilitates human resource planning and career planning. Permanent performance appraisal records of employees help management to do human resource planning without relying upon personal knowledge of supervisors.
- Performance appraisal promotes a positive work environment, which contributes to productivity. When achievements are recognised and rewarded on the basis of objective performance measures, there is improvement in the work environment.

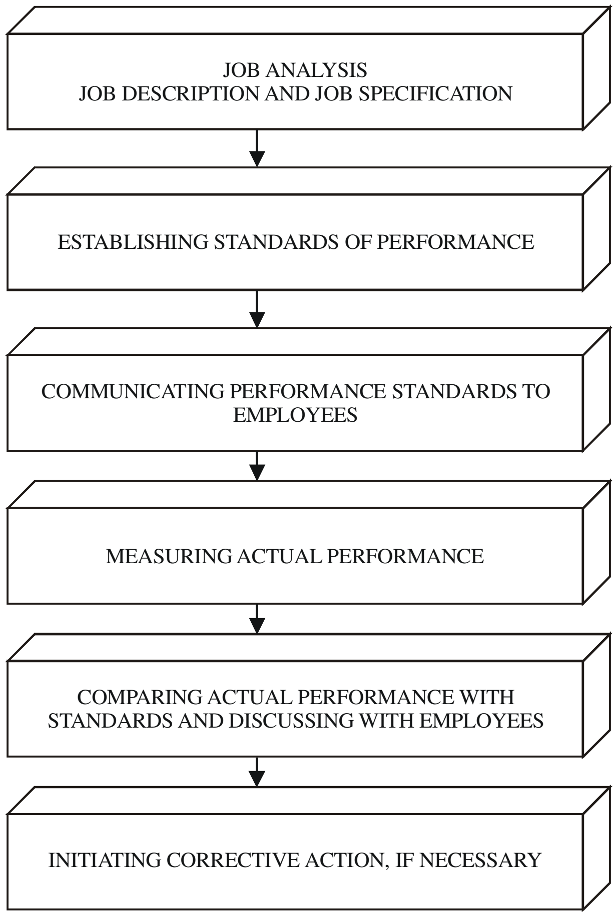

Fig. 3.4 *Performance Appraisal Process*

Purpose of Performance Appraisal

Organizations use performance appraisals for three purposes:

(i) Administrative: It commonly serves as an administrative tool by providing employers with a rationale for making many personnel decisions, such as decisions relating to pay increases, promotions, demotions, terminations and transfers.

(ii) Employee development: It provides feedback on an employee's performance. Appraisal data can also be used for employee development purposes in helping to identify specific training needs of individuals.

(iii) Programme assessment: Programme assessment requires the collection and storage of performance appraisal data for a number of uses. The records can show how effective recruitment, selection and placement have been in supplying a qualified workforce.

3.5.2 Process of Performance Appraisal

Performance appraisal is planned, developed and implemented through a series of steps.

(i) Job analysis, job description and job specification

Performance appraisal is a process not to be undertaken in isolation of various human resources functions. It begins with job analysis, job description and job specification. These help in establishing the standard of performance.

(ii) Establishing standards of performance

Appraisal systems require performance standards, which serve as benchmarks against which performance is measured.

(iii) Communicating performance standards to employees

Performance appraisal involves at least two parties; the appraiser who does the appraisal and the appraisee whose performance is being evaluated.

(iv) Measuring actual performance

After the performance standards are set and accepted, the next step is to measure actual performance. This requires choosing the right technique of measurement, identifying the internal and external factors influencing performance and collecting information on results achieved.

(v) Comparing actual performance with standards and discuss the appraisal with employees

Actual performance is compared with the predetermined performance standards. Actual performance may be better than expected and sometimes it may go off track. Deviations if any from the set standards are noted. Along with the deviations, the reasons behind them are also analysed and discussed.

(vi) Initiating corrective action, if any

The last step in the process is to initiate corrective action essential to improve the performance of the employee. Corrective action is of two types:

- Employees can be warned so that they can make necessary attempts to improve their performance.
- Employees should be taken into confidence and asked to identify their reasons for low performance. They should then be motivated to improve performance. Training, coaching, counselling, etc. are examples of corrective actions that help to improve performance.

Essentials of a Good Appraisal System

A sound appraisal system should have the following:

(i) Reliability and validity

The system should be both valid and reliable. Appraisal system should provide consistent, reliable and valid information and data, which can be used to defend the organization–even in legal challenges.

(ii) Job relatedness

The evaluators should focus on job-related behaviour and performance of employees. It is also necessary to prepare a checklist so as to obtain and review job-performance related information. Ratings should be tied up with actual performance of units under the rater's control.

(iii) standardization

Well-defined performance factors and criteria should be developed. Appraisal forms, procedures, administration of techniques, ratings, etc., should be standardized as appraisal decisions affect all employees of the group.

(iv) Practical viability

The techniques should be practically viable to administer, possible to implement and economical to undertake continuously. It must have the support of all line people who administer it.

(v) Training to appraisers

The evaluators or appraiser should be provided adequate training in evaluating the performance of the employees without any bias. Evaluators should also be given training in philosophy and techniques of appraisal.

(vi) Open communication

The system should be open and participative. Not only should it provide feedback to the employees on their performance, it should also involve them in the goal setting process.

(vii) Employee access to results

Employees should receive adequate feedback on their performance. If performance appraisals were meant for improving employee performance, then withholding appraisal result would not serve any purpose.

(viii) Clear objectives

The appraisal system should be objective oriented. It should fulfil the desired objectives like determining the potential for higher jobs or for sanction on annual increment in the salary or for granting promotion or for transfer or to know the requirements for training. The objectives should be relevant, timely and open.

(ix) Post appraisal interview

After appraisal, an interview with the employee should be arranged. It is necessary to supply feedback, to know the difficulties under which the employees work and to identify their training needs. The appraiser should adopt a problem solving approach in the interview and should provide counselling for improving performance.

(x) Periodic review

The system should be periodically evaluated to be sure that it is meeting its goals. Not only is there the danger that subjective criteria may become more salient than the objective standards originally established, there is the further danger that the system may become rigid in a tangle of rules and procedures, many of which are no longer useful.

(xi) Not vindictive in nature

It should be noted by the executives at the helm of affairs of the organizations that the aim of performance appraisal or any system for that matter is to improve performance, organizational effectiveness and to accomplish organizational objectives and not to harass the employees and workers of the organizations who are the vital human resources without whose help nothing can be achieved.

3.5.3 Methods or Techniques of Performance Appraisal

A number of different performance appraisal methods or techniques are available for evaluating the performance of the employees. These methods try to explain how

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management can establish standards of performance and devise ways and means to measure and evaluate the performance. There is no foolproof method of evaluating the performance of employees. Every method suffers from certain drawbacks in spite of some merits. These methods can broadly be divided into traditional and modern methods. Performance Appraisal methods have been illustrated in Figure 3.5.

Traditional methods

These methods are the old methods of performance appraisal based on personal qualities like knowledge, capacity, judgement, initiative, attitude, loyalty, leadership, etc. The following are the traditional methods of performance appraisal:

(i) Unstructured method of appraisal

Under this method, the appraiser has to describe his impressions about the employee under appraisal in an unstructured manner. This is a simple method of performance appraisal. The rater has to list his comments specifically on qualities, abilities, attitude, aptitude and other personal traits of the employees. This makes the method highly subjective in nature.

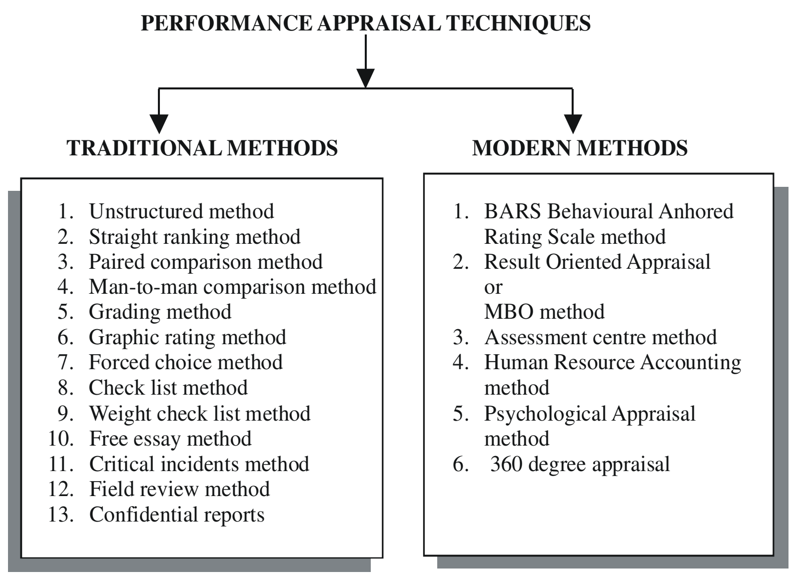

Fig. 3.5 *Performance Appraisal Methods*

(ii) Straight ranking method

In this technique, the evaluator assigns relative ranks to all the employees in the same work unit doing the same job. Employees are ranked from the best to the poorest on the basis of overall performance. This method is also highly subjective and lacks fairness in assessing the real worth of an employee.

(iii) Paired comparison method

Ranking becomes more reliable and easier under the paired comparison method. This method is an attempt to improve upon the simple ranking method. Under this method employees of a group are compared with one another at one time. If there is a group of five employees A, B, C, D and E then A's performance is compared with that of B's and a decision is taken as to whose performance is better. Similarly, A's performance is compared with C, D, and E and decisions regarding comparatively better performance are taken. Comparison is made on the basis of overall performance. The number of comparisons to be made can be decided on the basis of the following formula:

$\frac{N(N-1)}{N}$, where N is the number of persons to be compared.

This method is illustrated in Figure 3.6.

Employees Rated Performance Compared with	*A*	*B*	*C*	*D*	*E*	*Final Rank*
A	*	–	–	+	+	3
B	+	*	–	+	+	2
C	+	+	*	+	+	1
D	–	–	–	*	+	4
E	–	–	–	–	*	5

Fig. 3.6 *Ranking Employees through Paired Comparison Method*

Note 1: Here, plus (+) sign means the employee is considered better and minus (–) sign means worse than the other employee in the pair.

Note 2: C gets the highest number of plus signs (4 plus signs) and therefore his rank is the highest (rank no.1)

Note 3: E gets the lowest number of plus signs (nil) and therefore his rank is the lowest (rank no.5)

The paired comparison method is more reliable but the method is not suitable when large number of employees is to be evaluated.

(iv) Man-to-man comparison method

In man-to-man comparison method, the performance of an employee is evaluated by obtaining ratings about his performance from the evaluators. A team of evaluators is involved in giving ratings to the employee performance. Each member of the team gives the appropriate ratings, lowest, low, middle, high and highest performers, to the employees. These ratings are then used to determine the appraisal procedure for a particular employee. The main benefit of this method is that the ratings are based on the real performance of the employees. However, the drawback of this technique is that the ratings given by each evaluator may not be consistent because each evaluator has his or her own scaling criteria making it difficult to evaluate an employee's performance correctly.

(v) Grading method

Under this technique of performance evaluation certain categories of worth are determined in advance and they are carefully defined. These selected and well-defined categories include

Grade 'A' for outstanding
Grade 'B' for very good
Grade 'C' for average
Grade 'D' for poor, etc.

These grades are based on certain selected features such as knowledge, judgement, analytical ability, leadership qualities, self-expression, etc. The actual performance of employees is compared with the above grades and employees are allotted grades that speak for their performance.

(vi) Graphic rating scale

Perhaps the most commonly used method of performance evaluation is the graphic rating scale. The evaluator is asked to rate employees on the basis of job related characteristics and knowledge of job. Evaluator is given printed forms. The performance is evaluated on the basis of these traits on a continuous scale. It is a standardised, quantitative method of performance appraisal. The scores are tabulated indicating the relative worth of each employee.

Note: Just above the category notions an uninterrupted line is provided. The rater can tick at any point along its length.

(vii) Forced choice method

This method was developed during World War II for evaluating the performance of American army personnel. The evaluators rate the performance as high, moderate or low and escape the important responsibility assigned to them. The primary purpose of the forced choice method is to correct the tendency of a rater to give consistently high or low ratings to all the employees. This method makes use of several sets of pair phrases, two of which may be positive and two negative and the rater is asked to indicate which of the four phrases is the most and least descriptive of a particular worker. Actually, the statement items are grounded in such a way that the rater cannot easily judge which statement applies to the most effective employee. The evaluator is forced to select from each group of statements (normally two). The statements may be the following:

- Good work organizer
- Shows patience with slow learners
- Dishonest or disloyal
- Careful and regular
- Avoid work
- Hard working
- Cooperates with fellow workers
- Does not take interest in work

From the above list of statements, favourable statements are marked plus and unfavourable statements are marked zero. Under this method subjectivity of evaluator is minimised.

(viii) Checklist

A checklist represents, in its simplest form, a set of objectives or descriptive statements about the employee and his behaviour. The rater checks to indicate if the behaviour of an employee is positive or negative to each statement. The performance of an employee is rated on the basis of number of positive checks. The following are some of the sample questions in the checklist.

- Is the employee regular on the job? Yes/No
- Is the employee respected by his subordinates? Yes/No
- Is the employee always willing to help his peers? Yes/No
- Does the employee follow instructions properly? Yes/No
- Does the employee keep the equipment in order? Yes/No

The objections to this method are as follows:

- It is difficult to construct a good checklist.
- A separate checklist is needed for each job because statements used in one checklist to evaluate one category of workers cannot be used in another checklist to evaluate other category of workers.

(ix) Weighted checklist

The weighted checklist is a list of statements pertaining to the work-related behaviour of the employees. However, items having significant importance for organizational effectivness are given extra weightage.

(x) Free essay method

Under this method no quantitative approach is undertaken. It is open-ended appraisal of employees. The evaluator describes in his own words what he perceives about the employee's performance. While preparing the essay on the employee, the rater considers the following factors:

- Job knowledge and potential of the employee
- Employee's undertaking of the company's programmes, policies, objectives, etc
- Employee's relations with co-workers and superiors
- Employee's general planning, organizing and controlling ability
- Attitudes and perceptions of the employee in general

The description is expected to be as factual and concrete as possible. An essay can provide a good deal of information about the employee, especially if the evaluator is asked to give examples of each judgements.

(xi) Critical incidents method

Under this method, the performance of the worker is rated on the basis of certain events that occur during the performance of the job (i.e., the evaluation is based on key incidents). These critical incidents or events represent the outstanding or poor behaviour of employees on the job. The rater maintains logs on each employee, whereby he periodically records critical incidents of workers behaviour. At the end of the rating period, these recorded critical incidents are used in the evaluation of the workers' performance. Critical incidents method helps to avoid vague impressions and general remarks as the rating is based on actual records of behaviour/performance. The feedback from actual events can be discussed with the employee to allow improvements. The rater can fully defend his ratings on the basis of his record.

(xii) Field review method

In this method, a HR specialist interviews line supervisors to evaluate their respective subordinates. The interviewer prepares in advance the questions to be asked. By answering these questions a supervisor gives his opinions about the level of performance of his subordinate, the subordinate's work progress, his strengths and weaknesses, promotion potential, etc. The evaluator takes detailed notes of the answers, which are then approved by the concerned supervisor. These are then placed in the employee's personnel service file.

Since an expert is handling the appraisal process, in consultation with the supervisor, the ratings are more reliable. However, the use of HR experts makes this approach costly and impractical for many organizations.

(xiii) Confidential report

A confidential report by the immediate supervisor is still a major determinant of the subordinate's promotion or transfer. This is a traditional form of appraisal used in most government organizations. It is a descriptive report prepared, generally at the end of every year, by the employee's immediate superior. The report highlights the strengths and weaknesses of the subordinate. The disadvantages of this method are as follows:

- It involves subjectivity because appraisal is based on impressions rather than on data.
- No feedback is provided to the employee being appraised and, therefore, its credibility is very low.
- The method focuses on evaluating rather than developing the employee. The employee who is appraised never knows his weaknesses and the opportunities available for overcoming them.

In recent years, due to pressure from trade unions and proactive role of courts, the details of a negative confidential report are given to the appraisee.

(xiv) Forced distribution method

The primary purpose of the forced choice method is to correct the tendency of a rater to give consistently high or low ratings to all the employees. The forced distribution method operates under the assumption that the employee performance level conforms to a normal statistical distribution. Generally, it is assumed that employee performance levels conform to a bell-shaped curve.

The major weaknesses of the forced distribution method are as follows:

- The assumption that employee performance levels always conform to a normal distribution.
- Forced distribution method is not acceptable to raters and ratees, especially when members are all of high ability.
- The results of the forced choice method may not be useful for training employees because the rater himself does not know how he is evaluating the worker.

Modern methods

Modern methods are an improvement over the traditional methods. Modern methods are an attempt to remove defects from old methods. These are discussed below:

(i) Behaviourally anchored rating scales (BARS)

It is designed to identify critical areas of performance of a job. Under this method the behaviourally anchored ratings scales are outlined to recognise the critical areas of effective and ineffective performance behaviour for getting results. The evaluator is required to observe the behaviour of the employee while performing the job. He then compares these behavioural observations with the behaviourally anchored rating scales. This method is more valid and expected to give more reliable results as it minimises the errors in performance appraisal. It identifies measurable behaviour and is therefore more scientific.

Following are some of the important features of BARS method:

- Performance areas of the employees that need to be assessed are determined and described by the individuals who will use the scales.
- The scales are attached with the explanations of the actual job behaviour to represent particular levels of performance.

- All the areas of performance that need to be examined are based on the observable behaviours and are significant to the job, which is being evaluated because BARS are customised for the job.
- As the raters who will use the scales actively participate in the development process, as they are more dedicated to the final product.

BARS were introduced to present results to improve the performance of the employees of a company. BARS also help in overcoming rating errors.

(ii) Result-oriented appraisal or MBO technique

The result-oriented appraisals are based on the concrete performance targets, which are usually established by superiors and subordinates jointly. This procedure is known as Management By Objectives (MBO).

Much of the initial impetus for MBO was provided by Peter Drucker (1954) and by Douglas McGregor (1960). Drucker first described MBO in 1954 in the Practice of Management. Drucker pointed to the importance of managers having clear objectives that support the purposes of those in higher positions in the organization. McGregor argues that by establishing performance goals for employees after reaching agreement with superiors, the problems of appraisal of performance are minimised. MBO in essence involves nothing but clearly defined goals of an employee in agreement with his superior. Refinements brought out by George Odione, Valentine, Humble and others have enriched the concept and made it more acceptable as an appraisal technique.

MBO process has the following four steps:

- The first step is to establish the objectives by the superiors that should be attained by each employee. These objectives are used to evaluate the performance of each employee in the organization.
- The second step is to set the standards for evaluating the performance of the employees. As employees perform, they know fairly well the standards against which their performance is to be judged.
- The third step is to compare the actual level of attained objectives with the objectives set by the organization. The evaluator depicts the reasons for the objectives that were not met. This step helps in determining the needs to provide training to the employees of the organization.
- The final step is to establish new strategies for the objectives that were not met. This step involves active participation of superiors and subordinates in setting objectives.

This process is most useful at the managerial and subordinate level. MBO does not apply to the assembly line workers whose jobs have less flexibility and their performance standards are already defined.

(iii) Assessment centre method

This method of appraising was first applied in the German Army in 1930. Later, business organizations also started using this method. This is not a technique of performance appraisal by itself. In fact, it is a system, where assessment of several individuals is done by various experts by using various techniques.

In this approach, individuals from various departments 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. Evaluators observe and rank the performance of all the participants. Experienced managers with proven ability serve as evaluators. This group evaluates all employees both individually and collectively by using simulation techniques like role playing, business games and in basket exercises. Assessments are done generally to determine employee potential for promotion.

Following are the drawbacks of this method:

- **Costly:** Organizations have to pay for the travel and lodging cost of the employees to be assessed. Moreover the work of an organization also suffers for the time period they are away from the job. The companies have to pay heavy expenditure in establishment of assessment centres.
- **Impression of the employees:** Centre staff is influenced by the subjective elements, such as social skills and personality of the employee rather than the quality of their work.
- **Demoralize an employee:** A negative report for an employee may demoralize an employee. It may have an adverse effect on the behaviour and work of an employee who is not promoted.
- **Promotes unhealthy competition:** It promotes strong and unhealthy competition among the employees that are assessed.
- **Overemphasis on centre results:** This method overemphasises the result of the centre, which is based on judgement of employees over a short span of time.

(iv) Human resource accounting method

Human resources are a valuable asset of any organization. This asset can be valued in terms of money. When competent, and well-trained employees leave an organization the human asset is decreased and vice versa.

Human resource accounting deals with cost of and contribution of human resources to the organization. Cost of the employee includes cost of manpower planning, recruitment, selection, induction, placement, training, development, wages and benefits, etc. Employee contribution is the money value of employee service which can be measured by labour productivity or value added by human resources. Difference between cost and contribution will reflect the performance of employees.

Human resource accounting method is still in the transition stage. The contribution made by employee can be measured in terms of output.

If the cost incurred on employee is greater than the contribution made then this is an indicator of finding out the causes of low performance, analysing it and then making a proper check to control such causes. In case the contribution is more or equivalent to the cost incurred then this also requires review for future reference.

The various techniques under human resource accounting methods are as follows:

- Probationary reviews
- Informal one-to-one review discussions
- Counselling meetings
- Observation on the job
- Skill- or job-related tests
- Assignment or task followed by review, including secondments (temporary job cover or transfer)
- Survey of opinion of others who have dealings with the individual
- Graphology (handwriting analysis)

All these techniques are related to each other. The manager must keep a written record of all these for future reference.

(v) Psychological Appraisals

Psychological appraisals are conducted to assess the employee potential. Large organizations recruit full-time psychologists to assess the future performance of the employees. Psychological appraisals include in-depth interviews, psychological test, and discussions with supervisors. Psychological appraisals are conducted to assess the following features of the employees:

- Intellectual abilities
- Emotional stability
- Reasoning and analytical abilities
- Sociability
- Interpretation and judgement skills
- Motivational responses
- Ability to foresee the future

Psychological evaluation can be done either to evaluate the performance of employees for a particular job opening or to assess the future potential of all employees globally. Psychological appraisal results are useful for decision-making about employee placement, career planning and development, and training.

(vi) 360 degree appraisal

It is a method of appraisal in which employees receive their performance feedback from their boss, colleagues, customers, peers and their own subordinates in the organization. This form of performance evaluation can be very beneficial to managers because it typically gives them a much wider range of performance-related feedback than a traditional evaluation. This method helps individuals to know their strengths and weaknesses and thus, helps them to develop their inter-personal skills. It also improves communication between employees and their customers, as they will be able to know what the customers think about them. Thus, it is an efficient method to improve inter-personal skills of employees and to attain higher customer satisfaction level.

Following are some of the drawbacks of this method:

- It is possible that the team member can have personal problems with the employee and thus, he may not take an honest decision.
- A lot of time is required in selecting the team that will rate the performance, preparing questionnaires, and analysing the collected information.

Post-appraisal analysis

Performance appraisal system should be effective as a number of crucial decisions are made on the basis of score or ratings given by the appraiser. All organizations use performance appraisal for purposes such as salary increase, determining training needs, motivating employees or establishing a basis for future personnel decisions. The ideal approach to performance evaluation is that in which the evaluator is free from personal biases and prejudices. This is because when an evaluator is objective, it minimises the potential dysfunctional behaviour of the evaluator, which will be detrimental to the achievement of the organizational goals. Given that all appraisals entail judgements and given that judgements, may not always be fair, a variety of techniques to make appraisal more objective have been introduced. An appraisal system to be effective should possess the following essential characteristics:

• **Reliability and validity**

Appraisal system should provide consistent reliable and valid information and data, which can be used to defend the organization—even in legal challenges. However, a single foolproof evaluation method is not available. Inequities in evaluation often destroy the usefulness of the performance system—resulting in inaccurate, invalid appraisals, which are unfair too. If two appraisers are equally qualified and competent to appraise an employee with the help of same appraisal techniques, their ratings should agree with each other. Then the technique satisfies the conditions of inter-rater reliability.

• **Confidence and trust**

The existence of an atmosphere of confidence and trust is necessary to discuss matters frankly and offer suggestions for the improvement of the employee so that the organization as well as the employees stands to benefit.

• **Immediate superior as appraiser**

The immediate superior of the ratees must make the ratings, but the personnel department can assume the responsibility of monitoring the system. The superior should analyse the strengths and weaknesses of an employee and advise him on correcting the weaknesses.

• **Swift and economical**

The appraisal programme should be less time-consuming and economical. Appraisal forms, procedures, administration of techniques, ratings, etc., should be standardised. An appraisal programme should bring maximum benefit to the organization.

• **Open communication**

The results of the appraisal, particularly when they are negative, should be immediately communicated to the employees, so that they may try to improve their performance. A good appraisal system provides the needed feedback on a continuing basis. The appraisal interviews should permit both parties to learn about the gaps and prepare themselves for future.

• **Post-appraisal interview**

A post-appraisal interview should be arranged so that employees are given feedback and the organization understands the difficulties under which employees work, so that their training needs may be discovered. Permitting employees to review the results of their appraisal allows them to detect any errors that may have been made. If they disagree with the evaluation, they can even challenge the same through formal channels.

• **Job relatedness**

Suggestions for improvement should be directed towards the objective facts of the job. Plans for the future must be developed alongside in consultation with subordinates. The individual as a person should never be criticised.

Problems of performance appraisal

None of the methods for appraising performance is absolutely valid or reliable. Each has its own strengths and weaknesses. In spite of knowing that a completely error-free performance appraisal can only be an idealised model, we can isolate a number of factors that significantly impede objective evaluation. The major problems in performance appraisal are:

(i) Rating biases

Most appraisal methods involve judgements. The performance appraisal process and techniques rely on the evaluator who has his own personal biases, prejudices and idiosyncrasies. It would be naïve to assume that all evaluators will impartially appraise their subordinates. The evaluator or raters biases include:

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- ***Leniency and strictness error:*** Errors of leniency are caused by the tendency of the lenient rater to put most of the ratees on the higher side of the scale, while the tough rater places them on the lower side of the scale. This is so because every evaluator has his own value system, which 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 (strictness error). When evaluators are positively lenient in their appraisal, an individual's performance becomes overstated. Similarly, a negative leniency error understates performance, giving the individual a lower appraisal. If the same person appraised all individuals in an organization, there would be no problem. Although there would be an error factor, it would be applied equally to everyone. The difficulty arises when there are different raters with different leniency errors making judgements.
- ***Halo effect:*** The 'halo effect' is a tendency to allow the assessment on one trait to influence assessment on others. According to Bernardin and Beatty halo effect is a 'tendency to rate high or low on all factors due to the impression of a high or low rating on some specific factors'. Generally, the tendency to rate higher is called the Halo effect and the tendency to rate lower is called the Horn effect. This arises when traits are unfamiliar, ill-defined and involve personal reactions. One way of minimising the halo effect is by appraising all the employees on one trait before going on to rate them on the basis of another trait.
- ***Central tendency error:*** The central tendency error refers to the tendency of not using extreme scale scores on the judgement scale; most of the rates are clustered in the middle. According to Bernardin and Beatty, central tendency is 'the reluctance to make extreme ratings (in either direction); the inability to distinguish between and among ratees; a form of range restriction'. Raters who are prone to the central tendency error are those who continually rate all employees as average. They follow a play safe policy because of answerability to management or lack of knowledge about the job and person he is rating or least interest in his job. This type of rating will create problems, especially if the information is used for pay increases.
- ***Personal prejudice***: The rater's personal prejudice can influence the objectivity of performance appraisals. If the rater dislikes an employee he may rate him poorly.
- ***Consequence of appraisal:*** If the evaluator knows that a poor appraisal could significantly hurt the employee's future (particularly opportunities for promotion or a salary increase) the evaluator may be reluctant to give a realistic appraisal.
- ***The recency effect:*** Raters generally remember the recent actions of the employee at the time of rating. If a favourable action has taken place recently, the employee will be given a high rating. Conversely, he will be given a poor rating if an unfavourable action has taken place recently.

(ii) Opportunity bias

This results when the amount of output is influenced by factors beyond the control of employees. Some employees have better working conditions, supportive supervisors, more experienced co-workers and hence their output may be greater than others working on identical tasks.

(iii) Group cohesiveness

Cohesive groups with high morale can produce more than less cohesive groups with low morale.

(iv) Knowledge of predictor bias

A rater's knowledge of the performance of an employee on predictors can influence his appraisal ratings. An employee who topped in the selection list might leave the impression that he is the best among the employees and hence, the rater may rate him as 'good' when his performance is moderate.

(v) Similarity error

When evaluators rate other people in the same way that the evaluators perceive themselves, they are making a similarity error. Based on the perception that evaluators have of themselves, they project those perceptions on others. For example, the evaluator who perceives himself as aggressive may evaluate others by looking for aggressiveness.

Ways for Improving Performance Appraisals

(i) Choosing the appraisal method

With a wide range of appraisal methods currently available, an organization is faced with the difficult task of selecting the best approach to meet its needs. Before selecting the method of appraisal to be followed we should examine two areas with special care:

- Various factors that can help or hinder the implementation of a particular appraisal programme, and
- The appropriateness of the appraisal method for the special jobs to which the appraisal system will apply.

(ii) Multiple raters

As the number of raters' increases, the probability of getting accurate information increases. If a person has had ten supervisors, nine have rated him excellent and one poor, we can discount the value of the one poor evaluation. Therefore, by moving employees about within the organization so as to gain a number of evaluations, we increase the probability of achieving more valid and reliable evaluation.

(iii) Training appraisers

If you cannot find good raters, the alternative is to make good raters. Evidence indicates that the training of appraisers can make them more accurate raters. Common errors such as halo and leniency have been minimised or eliminated in workshops where managers can practice observing and rating behaviours.

(iv) Ongoing feedback

Employees like to know how they are doing. If managers share with the subordinate both expectations and disappointments on a day-to-day basis by providing the employee with frequent opportunities to discuss performance before any reward or punishment consequences occur, there will be no surprises at the time of the annual formal review.

(v) Selective rating

It has been suggested that appraisers should rate in those areas in which they have significant job knowledge. If raters make evaluation on only those dimensions on which

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they are in a good position we increase the inter-rater agreement and make the evaluation a more valid process.

(vi) Peer evaluation

The main advantages of peer evaluation are as follows:

- there is a tendency for co-workers to offer more constructive insight to each other so that, as a unit, each will improve, and
- the recommendations of peers tend to be more specific regarding job behaviours.

However, for peer assessments to function properly, the environment in the organization must be such that politics and competition for promotions are minimised.

(vii) Post-appraisal interviews

It is necessary to communicate to employees how they have performed. To meet this need, managers must take the time to schedule a meeting with their subordinates to discuss the results of the performance evaluation. Employees need to know how they are doing, be recognised for outstanding achievements and be notified about where there is room for improvement.

(viii) Rewards to accurate appraisers

The managers who are evaluating must perceive that it is in their personal and career interests to conduct accurate appraisals. If they are not properly rewarded for doing effective appraisals, they will take the easy way out by trying to avoid the process entirely. If pushed, they will complete the appraisals, but these can be expected to suffer from positive leniency and low differentiation. Encouraging and rewarding accurate appraisers will remove this flaw.

To conclude, we can say that performance evaluations are an integral part of every organization. Properly developed and implemented, the performance evaluation can help an organization achieve its goals by developing productive employees.

CHECK YOUR PROGRESS

16. Define performance appraisal.
17. What is the purpose of performance appraisal?
18. What is 360-degree appraisal?
19. What steps are followed in performance appraisal?
20. What are the essentials of a good appraisal system?

3.6 COMPENSATION OR PAY FOR PERFORMANCE

Compensation is the remuneration received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary benefits to employees. Compensation is an integral part of human resource management which helps in motivating the employees and improving organizational effectiveness.

Sophisticated compensation management systems can set up accounts payable transactions from employee deduction or produce garnishment cheques. Here the payroll module sends accounting information to the general ledger for posting subsequent to a pay cycle. It helps in producing paychecks on demand, running trial reports and making last-minute changes without hassles. Flexible features include simplified pay processing, comprehensive reporting, check printing, Direct Deposit, Tax Management, Earning etc.

The compensation and benefits is the HR change process, which is heavily affected by the recession. The bonuses are not paid and the base salaries are under a huge pressure. The compensation and benefits specialists are under the pressure as they have to identify the areas in the organization to realize the redundancies. Recession is a good opportunity for Human Resources to introduce changes to the organization. But the reaction of HR has to be quick as the internal opposition has no chance to form their forces.

Components of Compensation System

Compensation systems are designed keeping in minds the strategic goals and business objectives. Compensation system is designed on the basis of certain factors after analyzing the job work and responsibilities. Components of a compensation system are shown in Figure 3.7.

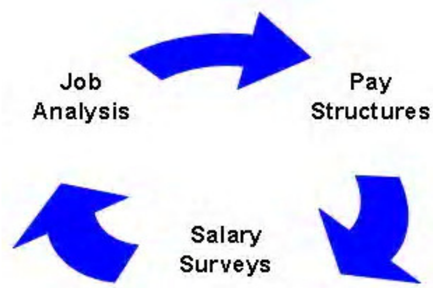

Fig. 3.7 *Components of a Compensation System*

Factors influencing compensation

The following factors influence compensation to employees:

- **Fair and adequate compensation:** The wage plan must recognize the principle of 'equal pay for equal work'. There should be proper wage differentials based on job evaluation, experience, skill, etc.
- **Simplicity:** The wage plan should be simple so that it is easily understandable to average employees.
- **Incentive wage:** Wherever desirable and practical, one should introduce elements of wage incentives. Incentive wages through productivity bonus or premium can facilitate the higher rate of economic growth.
- **Minimum guaranteed earnings:** There must be established a base wage rate. This will give security of income to incentive workers.
- **Additional payments and allowances:** The wage plan should also establish supplementary compensation such overtime wages, paid vacations, etc.
- **Equitable to all:** Wage plan must achieve the living wage for labour and must also be within the capacity of industry to pay the wages set by the plan.
- **Easy collective bargaining:** The wage plan should simplify collective bargaining process between the management and labour union.

Types of Compensation

There are basically two types of compensation.

- Direct compensation
- Indirect compensation

Compensation provided to employees can be direct in the form of monetary benefits and/or indirect in the form of non-monetary benefits known as perks, time off, etc. Compensation does not include only salary but it is the sum total of all rewards and allowances provided to the employees in return for their services. If the compensation offered is effectively managed, it contributes to high organizational productivity.

Fringe Benefits or Indirect Compensationringe Benefits and Services

Fringe benefits are the additional benefits and services that are provided by a company to its employees in addition to their direct salary. Therefore, fringe benefits can be defined as the additional benefits and services that a company provides to its employees on the basis of the performance. Both the terms, benefits and services are considered similar by most people but some believe that they are entirely different. According to them, the term 'benefit' is applicable only for those items that can be associated with some monetary value, whereas the term services is applicable for the items that cannot be associated with any direct money values. However, more or less, both the terms mean the same in reference to fringe benefits.

Today, almost every company provides additional benefits to its employees along with the scheduled salary. Employees are attracted and get encouraged with these additional benefits and services. There are a lot of advantages of fringe benefits that attract the employees. Firstly, most of the fringe benefits are not included in the taxable income. Another advantage of fringe benefits is that these benefits include health and insurance benefits with less expenditure. Companies also use these benefits to attract and maintain the existing employees. Along with attracting the employees, fringe benefits, such as vacations along with holidays and rest break, also help the employees to get fresh and perform their duty with more enthusiasm. Therefore, we can say that the fringe benefits perform the following functions:

- Lessen fatigue
- Oppose labour unrest
- Satisfy employee objectives
- Promote recruitment
- Minimize turnover
- Reduce overtime costs

Principles of fringe benefits

There are few factors that must be considered while determining the fringe benefits. These are:

- Benefits and services must be provided to the employees of a company to provide them better protection and encourage their well being. The top management should not feel as if they are doing some charity by giving incentives to their employees.
- The benefits that are provided to the employees should fulfil the real-life requirements of the employees.
- The benefits and services should be cost effective.
- The benefits should be monitored with proper planning.
- While determining the fringe benefits, the requirements of employees that are communicated by union representatives must be considered.

NOTES

- The employees of a company should be well informed so that they can make better utilization of fringe benefits.

Types of fringe benefits

Fringe benefits can be of two types. One that can be measured in terms of money value and the other that cannot be measured in terms of money value. Fringe benefits, such as medical insurance and holiday pay that can be associated with money value, are known as monetary benefits, whereas benefits, such as company newspaper and company service that cannot be associated with any money value, are known as non-monetary benefits. Tables 3.7 and 3.8 list some monetary and non-monetary benefits.

Table 3.7 *Examples of Monetary Benefits*

Benefits	***Examples***
Legally-required payments	Old age, survivors and health insurance Worker's compensation Unemployment compensation
Dependent and long-term benefits	Pension plan Group life insurance Group health insurance Prepaid legal plans Sick leave Dental benefits Maternity leave
Payments for time not spent in doing work	Vacations Holidays Voting pay allowance
Other benefits	Travel allowance Company can subsidies Child care facilities Employee meal allowances Moving expense

Table 3.8 *Examples of Non-Monetary Benefits*

Benefits	***Example***
Treats	Free lunch Coffee breaks Picnics Birthday treats Dinner for the family
Knick-Knacks	Company watches Desk accessories Wallets T-shirts Diaries and planner

Besides classifying fringe benefits into monetary and non-monetary categories, you can also categorize these benefits into the following types:

In this unit, we came to know about the various fringe benefits that are provided by a company to its employees. Out of those benefits, there are few benefits that are much important for the employees. These are:

- **Payment for the time employees have not worked:** This fringe benefit forms an important benefit for the employees of company. Mostly every company provides the payment for time not worked benefit to its employees. The payment for time not worked benefits can be of two types, on-the-job free timer payment and off-the-job free time payment. On-the-job free time includes lunch periods, coffee breaks, rest periods, get-ready times and wash-up times, whereas off-the-job free time includes vacations, sick leaves, public holidays and casual leaves.

- **Insurance benefits:** Insurance benefits are also an important fringe benefit for the employees of a company. Nowadays, every company provides its employees the facility of purchasing insurance policies at prices, much less than the cost the employees have to pay for if they buy insurance themselves.
- **Compensation benefits:** Companies also provide compensation benefits to its workers against some disability or injuries to the employees or their family members. Employees of the company also contribute to the funds that are collected for the ill or injured employees. All these compensation benefits are synchronized by the Workmen's Compensation Act.
- **Pension plans:** Companies also provide supplementary income or pension to its employees after their retirement. These pension plans can be company paid or both company and employee paid. In addition to the pensions, companies also provide bonus to the employees reaching to superannuation.

3.6.1 Incentives Compensation or Payment by Results

Incentive compensation, also called 'payment by result', is essentially a managerial device for increasing worker's productivity. Further, it is a method of sharing gains in productivity with workers by rewarding them financially for their increased rate of output. The payment by results scheme is directly related to an employee's productivity. There are many variations of incentive wage system. The mostsimple method is that of paying a workman by the number of units of a product he produces. The objective of an incentive wage system is one relating wages to output, thereby stimulating greater output at lower costs. Incentive system also helps in narrowing the gap between management and workers and bringing them closer together with a commonality of goals and targets. Many authors have defined the term wage incentives.

In the words of Hummel and Nickerson: 'wage incentives refer to all the plans that provide extra pay for extra performance in addition to regular wages for a job.'

According to Scott, 'Wage incentives are any formal and announced programmes under which the income of an individual, a small group, a plant work force or all the employees of a firm are partially or wholly related to some measure of productivity output.'

A system of wage payment which would maintain both quality and quantity is called Incentive wage plan and it is naturally a judicious combination of both basic systems of wage payments, i.e., time and piece wages. Under the incentive plans of wage payment, both time wage and piece wage systems are blended together in such a manner that the workers are induced to increase their productivity.

Essentials of a sound wage incentive plan are:

- Measurement of the amount of work done
- Establishment of standard output on the basis of which the incentive has to be worked out
- Setting up a suitable rate of incentive

The following are some important plans of incentive wage payment:

1. **Halsey plan:** It is a plan originated by F. A. Halsey to encourage efficiency amongst workers as well as to guarantee them wages according to time basis. The standard time required for a job is determined beforehand on the basis of time and motion studies. Workers who perform the job in less than the standard time and thus save time are rewarded with a bonus, but the worker who takes longer than the standard time is not punished, and is paid wages according to time wage system. This plan is discussed ahead in detail.
2. **Rowan plan:** Wages, according to time basis, are guaranteed and the slow worker is not made to suffer. A standard time is determined before and a bonus is paid according to time saved. The only difference between Halsey Plan and Rowan Plan relates to the calculation of bonus. Under this plan bonus is based on that proportion of the time saved which the time taken bears to the standard time. This plan is discussed ahead in detail.
3. **Taylor's differential piece wage plan:** Under this plan, there is no guarantee of wages. The standard of output is fixed per hour or per day and two piece-wage rates are laid. Those exceeding the standard, or even just attaining it, are entitled to the higher rate, and those whose output is less than the standard output are paid at a lower rate.
4. **Emerson efficiency system:** In this system, the worker is allowed a certain time within which he is required to complete his job. If he completes the job within the required time, he is paid bonus. If he takes longer, then the required time, he receives a lower bonus. Under this system, the daily wage is guaranteed.
5. **Gantt system:** This system is similar to the Emerson efficiency system. The worker receives the bonus only if he attains the required standard of efficiency. No bonus is paid to a worker where his efficiency is less than 100 per cent. The foreman is also given a bonus if the worker under his care attains the required standard of efficiency.
6. **Bedeaux point premium plan:** The chief novelty of this plan is that the value of time saved is divided between workers and foreman, three-fourths to workers and one-fourth to foreman. This is done on the basis that a worker cannot show good results if his foreman does not fully cooperate with him. Therefore, the foreman is also entitled to an incentive.

Compensation Evaluation

Compensation evaluation can be done in the firms by various methods. Some of them are as follows:

1. Critical incident method

Critical incidents are particular type of employee behaviours that center around two different zones: particularly exceptional and mainly disputed behaviours. The critical incidents method of performance appraisal depends on managers' spending time during the year scrutinizing and collecting data pertaining to the behaviour of their employees, with specific focus on critical incidents.

At the time of yearly appraisal, the managers come up with their inferences on these crucial occurrences and classify them as either constructive/acceptable behaviours or unenthusiastic/unacceptable behaviours. The evaluation of an employee is then immensely influenced or even established by the data that stands out; satisfactory or unsatisfactory.

2. Weighted checklist

Here the rater has a set of attributes attached to the outcome of the job. He will rate those attributes. Now he will judge the employee on these rated attributes and then do the PA routine.

3. Paired comparison analysis

Here again the weighted rating method for performance appraisal is used. The employees are paired and compared with each other for the performance in this system.

4. Management by objectives (MBO)

MBO is a process in which managers/employees set targets for the employee, then on they are marked for their performance and on the parameter of the level of achievement of the set objective. They are rewarded accordingly.

5. 360 degree performance appraisal

360 Degree Feedback is a system or process in which employees receive confidential, anonymous feedback from the people who work around them.

6. Behavioral observation scales

Behavioral Observation Scales is observing and noting the employee's behavior and way of working when he is on the job. This is a way of control where the employee will be constantly monitored while he is working on the objective for him.

Succession planning

Succession planning is the simplest way of filling the vacancies and preparing staff for future requirements of the organization. Succession planning is assessing the best performing employees for key position to fill immediately or discuss their career goals and integrate them with the company goals to prepare them for future promotions. The overall objective is to ensure the availability of competent talent within the organization for future needs or for present demands.

CHECK YOUR PROGRESS

21. What do you understand by compensation?
22. What is kept in mind while designing compensation systems?
23. What is the advantage of fringe benefits?
24. Name the types of fringe benefits.

3.7 COLLECTIVE BARGAINING

The phrase 'collective bargaining' was coined by Sydney and Beatric Webb. According to them collective bargaining is a method by which trade unions protect and improve the conditions of their member's working lives. 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 relationship. Some important definitions of collective bargaining are given below:

According to Walton and McKersie, 'a collective bargaining process generally consists of four types of activities—distributive bargaining, integrative bargaining, attitudinal structuring and intra-organizational bargaining'.

In the words of Jucious, 'collective bargaining refers to a process by which employers on the one hand and representatives of employees on the other, attempt to arrive at agreements covering the conditions under which employees will contribute and be compensated for their services'.

The ILO has defined collective bargaining as 'Negotiations about working conditions and terms of employment between an employer and a group of employees or one or more employee's organizations with a view to reaching an agreement wherein the terms serve as a code of defining the rights and obligations of each party in their employment, relations with one another; fix a large number of detailed conditions of employment; and, during its validity, none of the matters it deals with can in normal circumstances be given as a ground for a dispute concerning an individual worker'.

From the above definitions, we can state that collective bargaining is the process in which conditions of employment are determined by agreement between representatives of the union, on the one hand and those of the employer on the other. Collective bargaining involves discussion and negotiation between two groups as to the terms and conditions of employment. It is called 'collective' because both the employer and the employee act as a group rather than as individuals. It is known as 'bargaining' because the method of reaching an agreement involves proposals and counter proposals, offers and counter offers. Collective bargaining is usually resorted to in respect of 'interest issues' where some new rights are to be created or existing rights are to be expanded or modified. When a dispute arises over the enforcement of an existing right—a 'right issue' arises. Collective bargaining is a rational process in which appeals to facts and to logic reconcile conflicting interests in the light of common interests of both parties. It is a bipartite and dynamic process.

Characteristics of Collective Bargaining

Some of the important characteristics of collective bargaining are:

(i) It is a group action as opposed to individual action

It is collective in two ways. One is that all the workers collectively bargain for their common interests and benefits and on the management side are its delegates at the bargaining table. They (workers representatives and management delegates) jointly arrive at an amicable solution through negotiations.

(ii) It is flexible and mobile and not fixed or static

It is a group action where representatives of workers and management expend energies in order to arrive at a consensus. It has sufficient flexibility, since no party can afford to be inflexible and rigid in such situations. According to Bakke and Kerr, "Essentially, a successful collective bargaining is an exercise in graceful retreat – retreat without seeming to retreat. The parties normally ask for more or offer less than they ultimately accept or give". Collective bargaining is therefore not a one way street but a give and take process. The "take-it-or-leave it" proposition is not viewed as being within the rules of the game.

(iii) It is a bipartite process

It is a mutual give-and-take rather than a take-it-or-leave-it method of arriving at the settlement of a dispute. Both parties are involved in it. The employers and the employees negotiate the issues directly, face to face across the table. It can flourish only in an atmosphere which is free from animosity and reprisal. There is no third party intervention.

(iv) It is a continuous process

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

(v) It is dynamic and not static

Collective bargaining is a dynamic process because the way agreements are arrived at, the way they are implemented, and the mental make-up of parties involved keep changing.

(vi) Power relationship

Workers want to gain the maximum from management, and management wants to extract the maximum from workers by offering as little as possible. This involves ascertaining the maximum concession of the opposing negotiator without disclosing one's own ultimate concession. In this sense, all negotiations are exploratory until the agreement is consummated.

Objectives of Collective Bargaining

The main objectives of collective bargaining are as follows:

- To maintain cordial relations between employer and employees by settling disputes/conflicts
- To protect the interest of workers through collective action and by preventing unilateral action on the part of the employer
- To resolve the differences between employers and employees through voluntary negotiations
- To avoid the need for Government intervention in matters relating to employment
- To ensure the participation of trade unions in industry
- To promote industrial democracy

Advantages of Collective Bargaining

Collective bargaining offers the following advantages:

- Collective bargaining is a pragmatic and democratic method of regulating the terms and conditions of employment. It provides a method for the regulation of conditions of employment by those directly concerned. The parties directly concerned with employment (employers and workers) who best know the problems participate in collective bargaining. It is a voluntary process without any third party intervention.
- Collective bargaining often leads to mutual understanding. The employers gain a greater insight into the problems and aspirations of the workers, while the latter become more aware of the economic and technical factors involved in industrial management.
- Collective bargaining provides a flexible means of adjusting wages and conditions of employment to changes in economic, social, technological and political environment. Both the parties can meet whenever necessary and can adapt the terms and conditions of their agreement to the changing environment.
- Collective bargaining provides a code defining the rights and obligations of each party in their employment relations with one another. Basic standards are fixed and every worker knows that he cannot be required to work under conditions less favourable than those stipulated in the agreement. A sort of 'industrial jurisprudence' is created.
- Collective bargaining facilitates better implementation of decisions due to the direct involvement of both the parties. Parties know that the decisions are their own and nobody has imposed them.

Types of Bargaining

The different types of bargaining are given below:

(i) Conjunctive bargaining

In this type of bargaining, the employers and employees try to maximise their respective gains. Issues like wages and bonus are negotiated under conjunctive bargaining. The principle "my gain is your loss and your gain is my loss" is practiced in conjunctive bargaining. The parties want to yield as little as possible while getting the maximum possible from the other party. Conjunctive bargaining is also called distributive bargaining.

(ii) Cooperative bargaining

In cooperative bargaining, both parties realise the importance of surviving in difficult times (like recession) and are willing to negotiate the terms of employment in a flexible way. Labour may accept wage cuts and management may agree to modernise and make additional investments. Cooperative bargaining is resorted to with a view to survive the recessionary trends.

(iii) Productivity bargaining

In this method worker's wages and benefits are linked to productivity. If they are able to exceed the standard productivity norms they will get substantial benefits. Standard productivity is finalised through negotiations. Productivity bargaining agreements are important for raising productivity and for survival and growth of the organization.

(iv) Composite bargaining

In composite bargaining method, labour bargains for wages as usual but goes a step further by demanding equity in matters relating to work norms, employment levels, manning standards, etc. Through composite bargaining unions are able to prevent the dilution of their powers and ensure justice to workers by putting certain limits on the freedom of employers. For the employer this is lesser evil when compared to strikes and lockouts.

Process of Collective Bargaining

The whole process of collective bargaining takes place mainly in two stages:

1. The negotiation stage
2. The stage of contract administration

1. Negotiation stage: In collective bargaining carrying out negotiations and reaching an agreement constitute only half of the process. The following steps briefly explain the negotiation stage:

(i) *Identification of the problem:* The nature of the problem influences the whole process. It influences the selection of representatives, their size, period of negotiations and period of agreement that is reached ultimately. Hence, it is important for both the parties to be clear about the problem before entering into the negotiations.

(ii) *Preparing for negotiations:* The preparation starts with selection of representatives. When representatives are selected for negotiations, the following points should be borne in mind:

- He should be able to carry out negotiations with patience, and composure.
- He should present his views effectively.
- His authority and power should be clearly spelt out.
- He should be educated about the problem.

NOTES

After selection of the negotiator, the other preparations will include fixing up time for negotiations, period of negotiations, etc.

2. Stage of contract administration: During negotiations the representatives should be attentive as to find out what the other party is arguing for. They (the representatives) should be attentive to the other parties' problems. By understanding their problems and weighing them, sometimes a better solution may be reached, which is more acceptable to both the parties. It is very important that representatives reach the negotiating table with positive attitude. Unfortunately, some representatives tend to think about how effectively they can say 'no' to the proposals put forth by the other party. This is a major obstacle in the bargaining process.

When a solution is reached, it is put on the paper taking the concerned legislation into consideration. Both the parties concerned sign the agreement, which becomes a binding contract for both the parties. If no amicable solutions could be reached, both the parties resort to arbitration.

Following are the steps involved in the process of collective bargaining:

- Planning for negotiations
- Determining the bargaining issues
- Negotiation
- Accomplishing the agreement
- Passing the agreement
- Monitoring the agreement

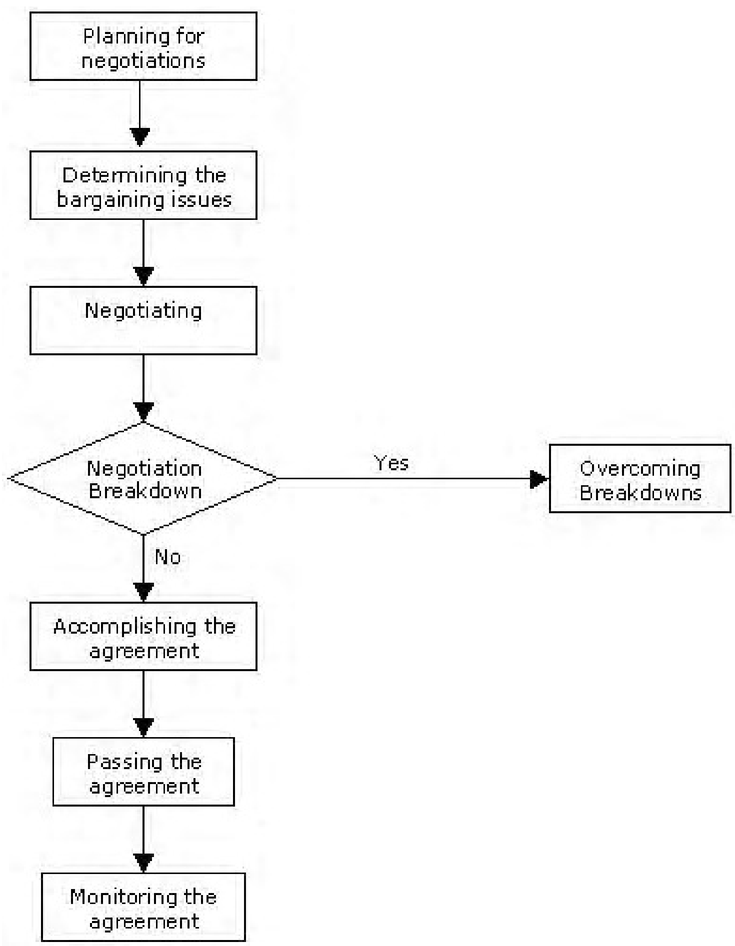

Fig. 3.8 *The Collective Bargaining Process*

(i) Planning for negotiations

It is necessary for the employers and employees to prepare a plan for discussing the complex issues and the broad range topics. Following are the tasks that must be performed by the management negotiators:

- Make a detailed plan for the modifications in the contract language.
- Determine the economic package that the company offers.
- Accumulate the graphical displays and the related data that can be used in negotiations.
- Create a bargaining book for company negotiations for storing all the information related to the issues that need be discussed during negotiations.

(ii) Identifying bargaining issues

Following are the different types of bargaining issues that need to be identified during collective bargaining:

- *Wage-related:* Includes the issues, such as cost of living adjustments and overtime rates.
- *Supplementary economic benefits:* Includes issues, such as pension plans and paid vacations.
- *Institutional issues:* Includes the issues, such as rights and duties of the employers, employees, unions, the stock ownership schemes and QWL programmes.
- *Administrative issues:* Includes the issues, seniority, employee discipline and discharge procedures.

Conducting negotiations

After planning for the negotiations and determining the various issues related to bargaining, the next step is conducting negotiations. In the negotiation phase, the initial demands of both the employer and employees are determined. This negotiation process continues until the final agreement is obtained. The success of the negotiation process depends upon the capabilities of the negotiators. There are few guidelines that a negotiator should follow to achieve good negotiation results. Those are as follows:

Guidelines for negotiations: Following are the points that should be considered while negotiating:

- Receive more than you provide.
- Negotiate privately rather than publicly.
- Let the other party win sometimes to avoid the opposite party to strike back.
- Initiate the negotiation with easy issues.
- Remove the bottleneck by emphasising on the historical progress of the proposal.
- Acquire the support of the Federal mediation and conciliation to manage the work pressure during strike.
- Do not break the confidence of the other negotiating party.
- Do not make quick settlements.
- Do not allow the top management to participate actively in the negotiation process.

Accomplishing the agreement

After completing the negotiation process, the next step in the process of bargaining is to implement and achieve that agreement.

Passing the agreement

After accomplishing the agreement, the next step is to identify whether or not both the issues mentioned by each negotiating party are acceptable. In this step, the union-negotiating team examines the agreement and converts it into a legal contract.

Monitoring the agreement

After implementing the agreement, the last and the most important step in the process of bargaining is monitoring the agreement. In this step, it should be ensured that the agreement is implemented according to the issues mentioned in it.

Steps to ensure the effectiveness of collective bargaining

The following steps may be taken to make collective bargaining more effective.

- Trade unions should be made stronger and responsible so that they are able to honour the collective agreements.
- The government should declare its policy of encouraging the parties to settle their disputes through bipartite consultation and negotiation consistent with public safety and social interest.
- Compulsory adjudication of disputes should be used only as a last resort.
- It is essential to build internal leadership and to free unions from political control. In this regard workers should be educated so as to build up internal union leadership and to improve knowledge of workers.
- Both parties should develop a positive attitude towards each other. They should try to understand the viewpoints of the other side.
- Collective bargaining should be restricted to matters concerning interests. Disputes concerning rights would be better settled through grievance machinery.

Recommendations of the National Commission of Labour for successful functioning of collective bargaining:

(a) Government intervention in industrial relations, particularly in the settlement of industrial disputes, should be reduced gradually to the minimum possible. Compulsory adjudication of disputes should be used only as a last resort.

(b) Trade unions should be strengthened both organizationally and financially by amending the Trade Union Act of 1926 to make registration of unions compulsory, enhance the union membership fee, and reduce the presence of outsiders in the union executive and among the office bearers and increase the minimum number of members in respect of the union applying for registration.

(c) Legal provision may be made either by a separate legislation or by amending an existing enactment for:

- Compulsory recognition of trade unions and certification of unions as bargaining agents.
- Prohibition and penalisation of unfair labour practices;
- Bargaining in good faith by both employers and unions; and
- Conferring legal validity and legitimacy on collective agreement;

(d) Intensification of workers education for building internal union leadership and making workers more knowledgeable and conscious about their rights and obligations. This may help to de-politicise unions and also reduce union rivalry.

(e) The idea of one union for one plant or one industry should be popularised and made a reality.

(f) The government should declare its policy to allow and encourage the parties to settle their conflicts and disputes through bipartite consultation and negotiation consistent with public safety and interest of the society in general.

Bargainable issues

Any issue that has relevance to management and workers becomes the subject matter of bargaining. Traditionally wages and working conditions have been the primary focus areas of collective bargaining. However, in recent times, the process of collective bargaining has extended to almost any area that comes under the employer-employee relations. A list covering some of the issues that come under collective bargaining is given below:

- Wages and working conditions
- Rules and regulations pertaining to work
- Incentive payments
- Job security
- Changes in technology and its impact on employees
- Transfer and promotions
- Grievances and Grievance handling procedures
- Discipline and Disciplinary procedure
- Techniques and practices pertaining to work
- Employee benefits
- Recognition of employee's unions
- Union activities and responsibilities
- Management rights

Thus, over the years, the nature and content of collective bargaining has changed dramatically.

Collective Bargaining in India

Collective bargaining is the ultimate in negotiations and is possible only when the workers' and employers' organizations are equally strong, mature and conscious of their rights and duties. Collective bargaining grew with the growth of trade unionism. It had its roots in Great Britain and developed in response to conditions created by the Industrial Revolution. In early part of 18^{th} century when trade unions came into existence, the idea of collective bargaining gained strength. Initially the negotiations were carried out at plant level. By early 1900, industry and national level agreements were quite common. But there was no considerable growth until the Second World War. Even then the growth was not the result of management and union's influence but due to government's efforts. After a century of rapid growth, collective bargaining has more or less become the gospel of industrial relations. It is being increasingly viewed as a social invention that has institutionalised industrial conflict.

In India, the resolution of conflict through collective bargaining agreements did not gain popularity. The legal steps taken by the government after the Second World War revived interest in the subject once again. The legislative measures included the setting up of a machinery for negotiations, conciliation and arbitration. Only after Independence was there considerable growth in collective bargaining. Trade unions gained importance. From management's side, there emerged a new class of managers, who saw labour with sympathy and understanding. A majority of disputes were resolved through this mechanism. But collective bargaining process took place mainly at plant level and organization level unlike western countries where the agreements are reached at industry level. In India, collective bargaining has not made much headway particularly at industry and national levels, due to the following reasons:

- Lack of strong and central trade unions and employers' organizations who can represent countrywide interests
- Excessive dependence on compulsory adjudication for the settlement of industrial disputes
- Multiplicity of unions and inter-union rivalry
- Conditions of work differ widely in different parts of the country
- Weak trade union movement because of poor leadership and political dominance
- Legislation and regulatory bodies have reduced the area for collective bargaining
- Government provides little support to collective bargaining
- Attitude of employers and workers to depend on third party intervention

Factors inhibiting collective bargaining in India

Though it is argued that collective bargaining has grown in India due to the statutory provisions and voluntary measures, its success is limited. Collective bargaining has not made headway in India when compared to other industrialised nations. The reasons are:

(i) Weak unions

Collective bargaining process mainly depends on the strength of unions. Indian unions are marked by multiplicity, inter and intra-union rivalry, weak financial position and non-recognition. Weak trade unions cannot initiate strong arguments during negotiations.

(ii) Problems from government

The Government has not been making any strong efforts for the development of collective bargaining. The regulatory framework covering the industrial relations scene is quite tight, leaving very little room for bargaining to flourish on a voluntary basis.

(iii) Legal problems

Now adjudication is easily accessible. No attempt has been made by the Government to rationalise or simplify the multifarious laws covering labour management relations.

(iv) Attitude of management

Employers have failed to read the writing on the wall. They do not appreciate the fact that unions have come to stay with almost equal bargaining strength. Such negative attitudes have come in the way of negotiating with unions voluntarily.

(v) Employers uncertainty about who is the recognised bargaining agent

Employers are often not very sure about who is the recognised bargaining agent. When there are multiple unions, bargaining with one union may prove to be a tough battle.

(vi) Statutory fixation of conditions of work

Areas of collective bargaining have not grown in view of the encouragement given to wage boards, pay commissions, statutory fixation of other conditions of work and social security measures.

(vii) Political interference

Almost all unions are associated with some political party or the other. The political parties interfere in the smooth functioning of the union.

Conditions essential for successful collective bargaining

For collective bargaining to be fully effective there are certain essential prerequisites. These are given below:

(i) A favourable political climate

The Government and public must be convinced that collective bargaining is the best method of regulating employment conditions. The Government should remove all legislative restrictions which hamper collective bargaining. It can also confer a right to bargain collectively, lay down the form and content of collective agreement, register these agreements and assist in their enforcement. If collective bargaining is to be fully effective, a favourable political climate must exist.

(ii) Freedom of association

Freedom of association is essential for collective bargaining. When such freedom is denied collective bargaining is impracticable, and when it is restricted, collective bargaining is also restricted. Freedom of association can be facilitated by removal of legislative restrictions on combinations where they exist, leaving workers and employers free from associations as they please. Collective bargaining is not possible if employees are not free to form trade unions as they are required to bargain with the employer on equal basis.

(iii) Stability of trade unions

Workers may have freedom of association but, unless they make use of that right and form and maintain stable unions, collective bargaining will be ineffective. If a union is weak, employees can say that it does not represent the workers and will refuse to recognise it or negotiate with it. Before entering into agreements with a trade union, employers will want a reasonable assurance that it will be able to honour its understandings and this implies both that the union can exercise authority over its members and that its membership is sufficiently stable.

(iv) Recognition of trade unions

Employees should be required by law to give recognition to representative trade unions. It is in the interest of an employer to give recognition to representative trade unions. Once a trade union is strong enough, employers may decide that it is in their interest to recognise it and negotiate with it; otherwise, they may be faced with strikes and the ensuing financial losses may be far greater than the cost of any concessions on wages and conditions they may have to make in negotiations with the union. The granting of recognition will improving industrial relations and this may react favourably on productions.

(v) Willingness to 'Give and Take'

One or both sides merely make demands. When they meet there can be no negotiation or agreement. Each side normally puts forward claims which are intended to provide a basis for bargaining and as the negotiations proceed one side will agree to reduce its demand on one item in return for some concession by the other side. Willingness to "give and take" during negotiations does not necessarily mean concessions from the other. One side may make greatly exaggerated demands which it will have to tone down considerably if an agreement is to be reached. Also depending on the relative strengths of the two parties, economic conditions at the time and skill in negotiation, one side may win more concessions than the other.

(vi) Mutual recognition and respect

The management has the right to manage and the union has the right to organize itself and fight for justice. This must be fully recognised and accepted by both sides. Unless there is this basic unanimity of views collective bargaining is a mere trial of strength.

CHECK YOUR PROGRESS

25. Define 'collective bargaining'.
26. What are the characteristics of collective bargaining?
27. What are the different types of collective bargaining?
28. What are the conditions essential for successful collective bargaining?

3.8 SUMMARY

- Career planning is an important technique for productive resolution of this conflict, between the individual and the organization.
- It is necessary to identify and communicate the career goals, aspirations and career anchors of every employee because most individuals may not have a clear idea about these.
- There are two aspects of career development: the way individuals plan and implement their own career goals, and the manner in which organizations design and implement their career development programme.
- Career development involves career need assessment, career opportunities, need-opportunity alignment, monitoring of career moves and ensuring effective career development.
- Career management involves preparing, implementing and monitoring career plans, whether it is undertaken by the individual alone or as a part of the organization's career systems.
- A career development system is a formal, organized, planned effort to achieve a balance between individual career needs and organizational workforce requirements.
- Career anchors are distinct patterns of self-perceived talents, attitudes, motives and values that guide and stabilize a person's career after many years of experiences and feedback.
- The trainee is periodically rotated from job to job so that he acquires a general background of different jobs.
- One of the main purposes of training is to sharpen the skills and knowledge of the employees of an organization so that they can help the organization in achieving its goals and objectives within a specified period of time.
- The process of development is mainly skill oriented and more and more employees and managers participate in this process to enhance their skills.

- Training refers only to instruction in technical and mechanical operations, while development refers to philosophical and theoretical educational concepts.
- New employees need to be trained in company procedures and policies even though they may be experienced in the particular task.
- Employee development is not an end in itself but rather a means to greater productivity, lower costs and higher profits.
- Executive or management development is a long-term educational process utilizing a systematic and organized procedure by which managerial personnel learn conceptual and theoretical knowledge.
- The interactive multimedia training applications can be delivered, when the employees need training most and where it is more convenient to them, at their desk top or in their offices.
- Performance appraisal is a method of evaluating the behaviour of employees in the work spot, normally including both the quantitative and qualitative aspects of job performance.
- Performance appraisal plans are designed to meet the needs of the organization and the individual.
- Performance appraisal promotes a positive work environment, which contributes to productivity.
- Compensation is the remuneration received by an employee in return for his/her contribution to the organization.
- The phrase 'collective bargaining' was coined by Sydney and Beatric Webb.
- 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 relationship.

3.9 KEY TERMS

- **Career planning:** It helps employees enhance their job performance, thereby increasing the overall effectiveness of the organization.
- **Total quality management:** It is the management approach implemented by various organizations for the purpose of organizational development.
- **Benchmarking:** It is one of the trends or perspectives that can be used by the management for the purpose of organizational development.
- **Action research:** It is a process of systematically collecting data about different process issues from the people.
- **Team building:** It focuses on developing and improving the efficiency and effectiveness of a group of people that work together in an organization.

3.10 ANSWERS TO 'CHECK YOUR PROGRESS'

1. Career planning is an important technique for productive resolution of the conflict between the individual and the organization.
2. The principle objectives of career planning are as follows:
    - To secure the right person at the right time for the right job
    - To provide adequate career avenues to employees to take on higher levels of responsibilities

- To strengthen the retention programme of the organization
- To maintain a contended team of employees

3. The five stages in a career are: exploration, establishment, early career, mid-career and late-career.
4. In the late career stage, the individual focuses on continuing to be productive at work. He ensures that his self-esteem remains intact and prepares for effective retirement.
5. Career development involves implementation of career plans, publicizing of job vacancies, appraisal of employee performance, development of employee through on-and off-the job trainings and experiences, and evaluation of career progression.
6. A properly-designed career development programme includes:

   career need assessment, career opportunities, need-opportunity alignment, monitoring of career moves and making career development effective.
7. Training tries to bring positive changes in knowledge, skills and attitude.
8. Training can be: induction or orientation training, job training, refresher training, apprenticeship training or internship training.
9. Training is required to:
   (i) Meet the needs of performance improvement as indicated by the appraisal reports
   (ii) Help an employee achieve better professional knowledge
   (iii) Train the employees about a specific topic, for example, computer skills, customer service or communication.
10. Training methods or techniques refer to instructional methods used for delivering learning content.
11. The learning objective of the case study method is to encourage the trainees to participate, and to apply the knowledge which they have learnt or acquired so far.
12. The following are the teacher-centred methods:
    - Lecture
    - Lecture and discussion
    - Mentoring
    - Guided discussion
    - Demonstration
    - Controlled discussion
    - Tutorial
13. Executive development is a long-term educational process utilizing a systematic and organized procedure by which managerial personnel learn conceptual and theoretical knowledge.
14. Business Process Re-engineering refers to the overhaul of organizational structure, management systems, employees' responsibilities, incentive systems, skill development and use of information technology.
15. The 4M resources are: men, machines, materials and money.

16. Performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job.
17. Organizations use performance appraisals for three purposes:
    (a) Administrative purposes
    (b) Employee development
    (c) Programme assessment
18. 360 Degree appraisal is a method of appraisal in which people receive performance feedback from those on all sides of them in the organization—their boss, their colleagues and peers and their subordinates.
19. The steps involved in a performance appraisal are as follows:
    (i) Job analysis, job description and job specification
    (ii) Establishing standards of performance
    (iii) Communicating performance standards to employees
    (iv) Measuring performance
    (v) Comparing actual performance with standards and discussing the appraisal with employees
    (vi) Initiating corrective action if any
20. A sound appraisal system should comply with the following:
    - Reliability and validity
    - Standardisation
    - Training to appraisers
    - Employee access to results
    - Post Appraisal Interview
    - Not Vindictive in Nature
    - Job relatedness
    - Practical viability
    - Open communication
    - Clear Objectives
    - Periodic Review
21. Compensation is the remuneration received by an employee in return for his/her contribution to the organization.
22. Compensation systems are designed keeping in minds strategic goals and business objectives.
23. The advantage of fringe benefits is that these benefits include health and insurance benefits with less expenditure.
24. Fringe benefits are of two types. One, that can be measured in terms of money value and the other that cannot be measured in terms of money value.
25. Collective bargaining refers to a process by which employers on the one hand and representatives of employees on the other, attempt to arrive at agreements covering the conditions under which employees will contribute and be compensated for their services.

26. The characteristics of collective bargaining are as follows:
    - It is group action.
    - It is flexible and mobile.
    - It is a bipartite process.
    - It is a continuous process.
    - It is dynamic.
    - It is based on power relationship.
27. The different types of collective bargaining are as follows:
    - Conjunctive bargaining
    - Cooperative bargaining
    - Productivity bargaining
    - Composite bargaining
28. The conditions essential for successful collective bargaining are as follows:
    - A favourable political climate
    - Freedom of association
    - Stability of trade unions
    - Recognition of trade unions
    - Willingness to give and take
    - Mutual recognition and respect

3.11 QUESTIONS AND EXERCISES

Short-Answer Questions

1. What do you understand by career development and management?
2. Why is employee training necessary?
3. What are the different methods of training?
4. What are the objectives of performance appraisal?
5. What is the importance of performance appraisal in an industrial organization?
6. What are the limitations of appraisal methods? How can these be overcome?
7. What is the significance for career planning?

Long-Answer Questions

1. Discuss the concept of career planning.
2. What are the stages and processes in a career? Discuss each stage.
3. Discuss in detail the activities involved in the process of organizational development.
4. Explain any five uses of performance appraisal.
5. Describe in detail the process of performance appraisal.
6. 'Performance appraisal is not merely for appraisal but is for accomplishment and improvement of performance.' Discuss.

7. Explain the following appraisal methods:
   (a) Grading method
   (b) Forced choice method
   (c) Forced distribution method
   (d) Human resource accounting method
8. What is post-appraisal analysis? Explain.
9. Performance appraisal by objective is considered to eliminate the subjectivity in appraisal. Comment?

3.12 FURTHER READING

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UNIT-4 HUMAN RESOURCE FUNCTIONS

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Structure

4.0 INTRODUCTION

Personnel management involves two types of functions: operative and managerial. The operative functions include procuring, developing, compensating, utilizing and maintaining efficient working conditions. Managerial functions, however, include activities like planning, organizing, coordinating, directing and controlling employees. The HR department in any organization has a very crucial role to play, given the importance of its functions. An HR department can be organized in a variety of ways depending upon the size of the firm and the nature of its business.

People are the real assets of an organization and are crucial for their survival and growth. Human resource development, or HRD, aims at the overall development of human resources in order to achieve the well-being of the employees, the organization and the society at large. HR audit implies a critical examination and evaluation of policies, programmes and procedures in the area of HR management. It is a periodic review which is also used to determine further steps for a more effective use of human resources. This unit will deal with the above mentioned elements of human resource which also includes the role of human resource information system (HRIS). In addition to that, this unit will also touch upon the aspects of stress management.

4.1 UNIT OBJECTIVES

After going through this unit, you will be able to:

- Explain the concept of human resource information system
- Discuss the role of human resource audit
- Explain the future of HRM
- Identify the challenges of HRM
- Discuss stress management

4.2 HUMAN RESOURCE INFORMATION SYSTEM (HRIS)

Human resource information system (HRIS) has become a part of all large organizations. It is a computerized system that aids in the processing of information relating to human resource management. It is a device designed to fulfil the manpower information needs of the organization. HRIS helps managers in decision-making in respect of promotion, wage fixing, recruitment, training and development. The inputs of HRIS include the information relating to employees, their abilities, qualifications, potentialities, creative instincts, age, pay scales, various jobs in the organization, their required skill

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and qualifications to do them, the number of employees and executives manning various positions, organizational objectives, policies and procedures etc. This information is loaded into the system. This data is processed into the most useful information required by the managers.

This HRIS is not only prepared for an industrial, service or government organization but also for the entire city, district, state or country. In order to eliminate human resource problem of any kind, HRIS comes to the rescue and provides the services of hiring human resources, maintaining the complete record of human resources. It can at any moment show the supply of human resources available. The figure below shows how the HRIS works.

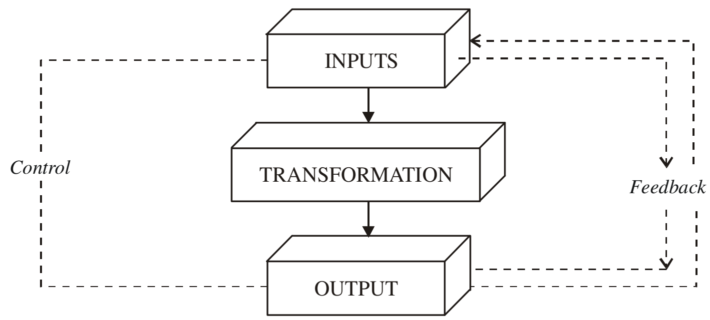

Fig. 4.1 *Human Resource Information Systems*

Inputs: The input of HRIS includes information related to employees such as education, age, experience, training, present status, present salary, whether promoted or not, organization's policy past and present, procedures past and present and other necessary detailed information relating to the human resources in the organization. The computerised human resource information system in all respect superior to manual system, which is time consuming and not so cost effective. The most important benefit of the system is that the information is available immediately as and when required.

Transformation: The information fed to the computer can be transformed into more meaningful and necessary information that is exactly required by the organization. This is the conversion stage of computerised HRIS. The information transformed into meaningful calculation is very useful to the managers and organization as well. This works as a decision support system, which aids in making appropriate decisions.

Output: Output refers to the printouts of the transformed material from the computer printer like salary statement, report on performance of an employee, budget estimates, etc. All these can be had in the form of printouts, terminal screens etc. A well knit HRIS acts as a worthy decision support organism of a very high quality. The high quality output must be accurate, relevant, consistent, readable and comprehensive.

Feedback and control: Whether the output obtained is relevant and useful or not must be known. The method of ensuring it is known as feedback. Feedback establishes control over the system.

Advantages of HRIS

- It gives accurate information
- It helps in faster processing
- It works as a valuable tool to strategic planning and its implementation
- It acts as a decision support system
- It is time efficient
- It establishes strong management control
- It is not very expensive

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Check Your Progress

1. What is human resource information system (HRIS)?
2. Give any three advantages of HRIS.

4.3 HUMAN RESOURCE AUDIT (HRA)

HR records provide information regarding the utilization of human resources in an objective way. However, in most cases, these are not sufficient. A critical evaluation of manpower programmes is required to identify the areas where improvements are needed and to set things in order. Audit is an important aspect of managerial control. It involves examination and verification of accounts and records. Human resource audit implies a critical examination and evaluation of policies, programmes and procedures in the area of HR management. It is a periodic review to measure the effectiveness of HR management and also to determine further steps for a more effective use of human resources.

An audit is a review and verification of completed transactions to see whether they represent a true state of affairs of the business or not. Thus, an HR audit refers to:

- the measurement of the effectiveness of the HR management's mission, objectives, strategies, policies, procedures, programmes and activities; and thereafter,
- the determination of what should or should not be done in the future.

HR audit involves a formal, systematic and in-depth analysis, investigation and comparison. The primary aim of HR audit is to determine whether the personnel policies and practices are consistent with organizational objectives. It also determines how effectively the personnel policies and programmes have been implemented.

Human resource audit is well practiced in developed countries. In India, we do not have a full audit like financial audit of the human resource activities in an organization.

Objectives of Human Resource Audit

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

The objectives of HR audit are as follows:

- To review the whole system of management programmes in which a management develops, allocates and supervises HR in an organization with a view to determine the effectiveness of these programmes. In other words, HR audit reviews the system of acquiring, developing, allocating and utilising human resources in the organization
- To evaluate the extent to which line managers have implemented the policies and programmes initiated by top management and the HR department
- To review the HR system in comparison with other organizations and modify them to meet the challenges of human resource management
- To locate the gaps, lapses, shortcomings in the implementation of the policies, procedures, practices, directives of the HR department and to know the areas where non implementation and/or wrong implementation has hindered the planned programmes and activities
- To evaluate the effectiveness of various HR policies and practices

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- To evaluate the HR staff
- To seek answers to such questions as 'what happened?' 'why it happened?' or 'why it did not happen?' while implementing policies, practices and directives in managing human resources

Need for HR Audit

Though there is no legal obligation to audit HR policies and practices, some of the modern organizations do pursue it for the following reasons:

- To increase the size of the organization and personnel in several organizations
- To change the philosophy of management towards HR
- To increase the strength and influence of trade unions
- To change HR management philosophy and thereby personnel policies and practices throughout the world, and
- To increase the dependence of the organization on the HR system and its effective functioning.

Qualitative and Quantitative Indicators for HR Audit

Table 4.1 outlines the most commonly used qualitative and quantitative indicators of effectiveness classified by major functions. It should be remembered that these indicators are not foolproof and may not be applicable in all cases.

Table 4.1 *Qualitative and Quantitative Indicators for HR Audit*

Major Functions	*Qualitative Indicators*	*Quantitative Indicators*
1. Procurement	Personnel inventory, replacement tables, organization planning, job descriptions and specification, source evaluation, exit interviews, induction programmes	Turnover rates, selection rates, retrenchment, dismissal and lay-offs, recruitment time-lag and recruitment ratios
2. Utilization	Identification of merits	Capacity utilisation, idle time-statistics, extra-time statistics, backlogs, turnover per employee, profits per rupee of personnel expenses, etc.
3. Training and Development	Training programmes, supervisory and management development programmes, systematic promotions, career planning, formal appraisals	Time taken in training, apprentice ratios, scrap losses, productivity increases
4. Compensation	Job evaluation programme, wage and salary surveys, complaint from employees about wage and salaries	Wage and salary differentials, benefit range and costs, number of employees earning bonus in excess of standard rate
5. Integration and Maintenance	House organ, employee hand-book, employee voluntary participation in optional service programmes	Measured morale, measured communication, absenteeism and turnover rates, number of grievances, suggestion ratios, accident rates
6. Labour Relations	Labour-management committees, contract interpretations, no strike clause	Work stoppages, grievances and their settlement, arbitrations, costs

Source: P.C. TRIPATHI 'Personnel Management and Industrial Relations' Sultan Chand and Sons, New Delhi (1999) page 126–127.

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Significance of HR Audit

Though there is no legal obligation to audit personnel policies and practices, informed employers voluntarily use it as a tool for evaluation and control of personnel function. Therefore, HR audit is used widely to check the organizational performance in the management of human resources. The significance of HR audit lies in the following:

- The management now feels that employee participation in organizational activities is essential for the success of the organization.
- It provides the required feedback.
- Rising labour costs and increasing opportunities for competitive advantage in human resource management.
- It can be used to avoid the intervention of Government to protect employee interests.

Table 4.2 *HR Audit–Areas and Levels*

Major Areas	***Levels and Examples of Audit Data***		
	Level I Results	*Level II Programmes and Procedure*	*Level III Policy*
Planning Forecasting and scheduling to meet organization and personnel needs	Personnel shortages, supplies, layoff, etc.	Time bound or network cost/benefit budget, etc.	Explicit statement to provide inclusive plans for present and future
Staffing and Development Defined requirements and careers; sources, requirement, selection, training, promotions	Recruitment costs; training cost, labour turnover, etc.	In-house and outhouse training programmes, guidance in careers, etc.	Non-discrimination, etc.
Organising Maintaining structures for coordinating, communicating, collaborating, etc.	Feedback, reader interest, extent of formal, organization, reports records, etc.	Job definitions for individuals, departments, task forces, house organs, etc.	Encourages flexibility, reduces resistance to change, effective three-way communication, etc.
Motivation and Commitment Individual and group motivation interest, effort, contribution	Productivity, performance norms comparative costs, etc.	Job enlargement; wage and salary administration, morale survey, exit interviews, fringe benefits, etc.	Gain high personal identification, ensure whole sale satisfaction
Administration Style of leadership and supervision; delegation, negotiation	Suggestions, promotions, grievances, discipline, union management cooperation	Consultative supervision; collective bargaining, union-management committees, etc.	Style adapted to changing expectations; participative involvement, collective bargaining, etc.
Research and Innovation Experiments and theory testing in all areas	Changes, experiments research reports, publications	R&D approach in all areas; suggestion plans, etc.	Test old and new theories; encourage creativity in management

Source: Dale Yoder 'Personnel Management and Industrial Relations', Prentice Hall, New Delhi 1977.

Benefits of HR Audit

Keith Davis summarises the benefits of HR audit in the following ways:

- It identifies the contributions of the HR department.
- It improves the professional image of the HR department.

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- It encourages greater responsibility and professionalism amongst members of the HR department.
- It classifies the HR department's duties and responsibilities.
- It stimulates uniformity of personnel policies and practices.
- It identifies critical personnel problems.
- It ensures timely compliance with legal requirements.
- It reduces human resource costs.

Scope of HR audit

The HR audit has a very wide scope. It assumes that the management of human resources involves much more than the practice of recruiting, hiring, retaining and firing employees. It examines the concept of 'people management' by supervisors at all levels. It covers areas like HR philosophy, policies, programmes, practices and personnel results. The National Industrial Conference Board of the United States states, 'The top management is interested in auditing all the programmes relating to employees, regardless of where they originate, or the channels through which they are administered.'

The major areas of HR audit include:

- Programming, forecasting and scheduling to meet organization and personnel needs
- Areas of recruitment, selection, careers, promotions, training and development
- Areas of leadership, welfare, grievances, performance appraisal, employee mobility, and industrial relations

Yoder gives the following outline of the scope of HR audit—area-wise and level-wise.

HR audit Process

The HR audit should do a thorough probe, evaluating HR policies, programmes, philosophy, practices and concepts and comparing with standards and with those of the personnel records of the said organization and other organizations. The level and depth of the audit should be decided in advance. Rao has included the following in an HR audit process.

- Identify indices, indicators, statistical ratios and gross numbers in some cases
- Examine the variations in time-frame in comparison with a similar previous corresponding period
- Compare the variations of different departments during different periods
- Examine the variations of different periods and compare them with similar units and industries in the same region.
- Draw trend lines, frequency distributions and calculate statistical correlations.
- Prepare and submit a detailed report to the top management and to the managers at appropriate levels for information and necessary action.

Audit of HR results

The real test of HR policies and programmes lies in the results achieved. Comprehensive policy statements and elaborate procedural manuals are useless unless they yield good results. In the audit of results, the HR audit may calculate ratios and percentages from personnel statistics. Such measurement will reveal useful trends in manpower utilisation.

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HR audit is a comparatively new area of audit. Therefore, the HR auditor has no body of laws, regulations and standard practices to guide him. The HR auditor has to depend upon his own judgement and records available within the organization. Moreover, HR audit may become a fault-finding exercise. For example, wherever certain deficiencies are detected, the management and workers may start blaming each other. To avoid such situations, a forward looking approach is required.

Audit report

After examining various aspects of human resource management, the HR auditor compiles his observations, analysis, findings and recommendations in the form of a report. There is no prescribed format of the report in case of HR audit. The audit has to examine the various HR reports, personnel policies and practices. The HR audit report is meant mainly for the top management. However, certain aspects of the report, e.g. attitude survey and safety survey may be made available to employees. The report should be based solely on the findings and it should be submitted within a reasonable time after the audit work is over. The following items should be contained in the report:

- Table of contents
- Preface, giving a brief statement of the objectives
- Executive Summary, in which the entire report is summarised for the top executives; this should also contain the recommendations along with the factual information or findings.
- The report proper, in which a major division is covered as a special section; a clear and in-depth analysis of the data and information, furnished area-wise or department-wise. Each section should be complete, and should contain as many supporting data as are practical without making it too voluminous. Other data should be included in the appendix.
- Summary, which is general in nature and is relevant to all the persons concerned. This is more detailed than the summary and conclusions at the end of the report.
- Appendix, this includes supporting data and information which is not necessary in the main part of the report.
- Bibliography, which refers to important books and journals which are necessary for future reading is included at the end.
- Audit report should be signed by all members making the audit.

CHECK YOUR PROGRESS

3. Why do modern organizations feel the need for HR audits? Give any three reasons.
4. State any two benefits of HR audits?

4.4 FUTURE OF HRM

The personnel professional's role should be to aid and assist the line managers in such a way that the human resource is put to its optimum use. Areas like wage negotiations, collective bargaining, recruitment and social welfare need the professional skill and strategy of a personnel professional. By virtue of their education and training, they are the most suited persons to handle these delicate matters. According to Manoria, '*In a fast changing society as our own, self-development in professional field is a continuing feature which must be kept up at all levels lest obsolescent would eat our vitalities.*'

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The function of a personnel manager has undergone many changes. Following the recommendations of the Royal Commission on Labour, the job of a welfare officer was—*'dealing with employment matters and labour grievances'*. After the enactment of the Factories Act, 1948 (sec 49), the personnel manager was identified with the paternalistic labour welfare officer. However, their role remained very much within the legalistic boundaries, as they owed their origin to labour legislation. Since good labour welfare is not a substitute for poor management, organizations were forced to develop an interest in the social well being of the workers. As a result the scope of the personnel functions expanded; new dimensions were added and the emphasis was shifted. With these changes, role modification of the personnel manager will also become necessary. Thus, cultural, social and economic changes have made inroads into the personnel management field. The greater emphasis on human dignity and a stronger and more enlightened labour movement have created a favourable climate for the development of personnel management in India. The consequences of these changes are discussed below:

- ***Trends in joint decision making:*** The largely paternalistic effort to help needy employees solve their personal problems, industrial organization in India have moved to a joint consultative process of decision-making which influences employees. This has been brought about by voluntary acceptance by the employers, strong trade unions and governmental legislation. The attitude of employers and the trade unions towards each other has gradually improved. The profile of the Indian workforce is changing with education and an increasing awareness of its rights. This greater awareness of its rights will result in a greater demand for joint participation in management.
- ***Greater emphasis on human resource development:*** The future of personnel management will be more about HRD rather than has an administrator of personnel service. He will advice management on the relationship between individual development and the achievement of organization goals. He will engage himself in planning meaningful personnel research with a view to assist the line managers regarding the current management practices.
- ***Change in the profile of workers:*** Educated work force should demand greater autonomy and discretion in the work place. The needs and aspirations of the educated people are different from those of uneducated people. Therefore, the challenge faced by the personnel manager is varied. Similarly, the employment of women in large numbers has changed the sex composition of the work force. These women workers have begun to assert themselves and resist 'discrimination' against them. These factors have resulted in changing the existing personnel policies.
- ***Change in attitude of top management:*** The scope of personnel management function depends, to a large extent, on its importance in the organization and the attitude of the top management.
- ***Increasing role of government:*** Changes in the personnel function depend to a large extent on the needs dictated by the socio-economic and legal changes in the country. Enactment of various labour laws has made it necessary to appoint a personnel manager who is a specialist in law to advice the management on the changing legal obligations on the part of the organizations.
- ***Better method of performance appraisal:*** Performance appraisal or merit rating is one of the oldest and more universal practices of management. It refers to all the formal procedures used in working organizations to evaluate

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personalities and contributions and potential of group members. Permanent performance appraisal records of employees help the management to give up sole reliance upon personal knowledge of supervisors. Performance appraisal thus serves as a means for evaluating the effectiveness of workers. Workers would value a closer connection between pay and performance and would certainly work harder to achieve better compensation for the work done.

- ***More importance to motivation:*** Motivation concern itself with the will to work. It seeks to know the incentives for work and tries to find out the ways and means whereby their realisation can be helped and encouraged. According to M. J. Jucious, motivation is 'the act of stimulating someone or oneself to get a desired course of action.' The traditional system of motivation, the 'carrot and stick' policy, is no longer effective, as the element of fear is not as potent as it was in the past. Today, many positive and psychological rewards such as better wages, interesting and challenging work, participative management act as better motivators.
- ***Changing work ethics:*** A personnel manager's action often represents the position he holds or the office he occupies rather than his personal beliefs. A personnel manager being a professional, should depend on certain rules of conduct and behaviour. The decisions and actions of a professional are guided by certain ethical considerations. Therefore, personnel manager would be called upon to set up and enforce good quality standards. He should be committed to the workers, changing needs.

We can conclude on the future role of personnel management in India by using the words of S.N. Pandey who observed that—*'Just as the business of finance men is to manage the finances of the organization to get the optimum return on investment, just as it is the business of production men to utilise the various resources at their disposal in such manner that optimum output is obtained, so is the business of personnel men to manage human resource ensuring harmony, motivation, satisfaction and commitment.'* Thus, the future trends of personnel management in Indian industries will modify the role of the personnel manager. His functions will definitely be enlarged from traditional areas such as management of manpower planning, selection, recruitment, training, and welfare. With growing personnel needs, new dimensions will be added.

CHECK YOUR PROGRESS

5. Name the three stages of stress.
6. What are the causes of stress?

4.5 ISSUES IN HRM

Companies seeking to maintain competitive edge have to have a well-equipped human resource. It is the responsibility of the human resources managers to train the work force to accomplish the competitive advantages of business in the 21st century. However, challenges are many in this respect for the HR managers. We will look at some of these challenges.

Globalization

At a political and economic level, globalization is the process of denationalization of markets, politics and legal systems i.e. the use of the so-called global economy. In other words, globalization refers to the amalgamation of economics and societies around the world which means integration of world trade and financial markets. No doubt, growing internationalization of business and economic transactions impact human resources management. These problems arise in terms of labour laws of different countries, languages, social practices, competitions, attitudes, management styles and work ethics. Employment patter too is affected by globalization. One of the impacts of globalization is outsourcing, which has been dealt with in Unit 1. Outsourcing has resulted in organizational and industrial shift, which has dramatically changed the operational patterns of organizations. These structural changes, has no doubt, increased expenses and business climates. As a result HR managers have to confront with more heterogeneous functions and more involvement in employee's personal life.

Technological advances

Technological advances have had a significant impact on human resource business practices. Due to the technological advancements there has been a drastic change in the approach to business operations and the scenarios that guide to the organizational regulations. It is a challenging task of adapting workplace to the technological changes which influence the nature of work and generate obsolescence. Technological advancement has reduced the number of tasks that require little skill and increased the demand for jobs that require considerable skill, i.e., knowledge work.Hence, the need for skilled workers increases manifold. This shift also creates unemployment, which poses a challenge for the human resources department.

Changes in political and legal environment

This refers to the changes brought in by the establishment of a new ruling party and changes in regulation. Any change in economic and trade laws would imply changes in HR policies. It is the duty of human resource and industrial relations executives to fully examine the implication, of these changes and brings about necessary adjustment within the organization so that later utilization of human resource can be achieved. It is the responsibility of human resource manager to anticipate the changes and prepare organization to face them without any breakdown in its normal functioning.

Revolution in information technology

Information technology has influenced HRM through human resources information systems (HRIS) that streamline the processing of data and make employee information more readily available to managers. More recently, there has been and in the future there will be, impact of revolutionary computerized information system in the management. It covers two primary areas:

- Impact on managerial decision making process
- Impact at the coordination and strategic levels of organization

4.5.1 Stress Management

Stress is the pressure people feel while at work and in private life. Stress at work is inevitable because of the thought process required in the job performance. Private life is full of anxieties and personal pressure. But stress becomes very harmful when it is seriously realised by the mind and heart. Then, it becomes painful and creates many physical and psychological problems which are reflected in the day-to-day life of organizational performances. It causes an adverse strain on one's emotion's, thought process and action. A stressful body becomes burdensome to the employee. He becomes useless to the organization. Such types of people develop chronic diseases like blood pressure and heart attack. They are always restless and become angry on

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the slightest pressure at work. When they develop sleeplessness and become worrisome, their working capacities are reduced significantly. Finding themselves away from the mainstream, they start taking alcohol. They become drug addicts.

The direct impact of stress is on the mind. People feel unhappy and are dissatisfied. Mental disorders lead to body disequilibrium. The digestive system and regular blood functioning are disturbed. It causes abdominal ulcer and several diseases of the liver, heart, kidneys, blood vessels and of other parts of the body. Stress should not lead people to this level of stressfulness. Stress on the job or off the job should be prevented. Since it is not possible to prevent the stress because of an adverse environment at the workplace and beyond, it is essential to check the stress from reaching a level where it causes much disorder. In order to prevent or reduce stress in an organization, the real form of the stages of stress or back ground of stress and its causes and effects must be thoroughly understood. Effective strategies should be formulated to treat stress effectively.

Meaning of Stress

Stress has been defined by different authors differently. Stress is a dynamic condition in which a person is faced with constraint and strains. Stress is the discomfort of an individual. Emotional disequilibrium is stress. Real life disequilibrium will not take the form of stress unless it is realised from the heart and mind. In a wider sense, stress is discomfiture whether it creates problems or not. Stress does not always have a negative impact. It is also a source for deep inspiration to work. In that sense, stress is tension which leads to action and performance. Stress in its mild form leads employees to perform better but stress in its gravest form reduces the working capacities of employees. The Greek word for stress is 'eustress' which means 'good form stress' as 'eu' means good in the Greek language. Stress in a broader sense is the interaction of the organism with the environment. The interaction may be for good or bad. Stress in the initial form may be good for a person and an organization. But, it becomes troublesome for the employees if it continues for a long time. Beehr and Newman define job stress as 'a condition arising from the interaction of people and their jobs and characterised by changes within people that force them to deviate from their normal functioning'. Stress makes people deviate from normal functions. It may take the form of inspiration as well as degradation depending on how the stress achiever realises the stress. The environment, apart from mental realisation, also plays a significant role in shaping the stress behaviour. Stress, without doubt, has been accepted by many authors as having a psychological impact. There are examples when employees develop an immunity against an adverse environment and are not adversely affected by the stress factors. They do not get tense in their behaviour. However, such immunity is a rare phenomenon which is developed through constant experience and training. John M. Ivancevich and Michael T. Matterson have defined stress as 'an adaptive response, mediated by individual characteristics and/or psychological processes, that is a consequence of any external action, situation or event that places special physical and/or psychological demands upon a person'. This definition has clearly laid down the causes and impacts of stress. Moreover, it comes through as an adaptive response which is the result of certain external factors. As the causes are external, it has internal impacts on the body and mind. The mediation by people is a significant tenet of stress as it is the outcome of only the realisation by employees. If they do not realise the external factors as compelling, stress is not formed. The physical and psychological demands refer to the feelings of employees on their body and mind. If the demand or feeling does not occur, the stress does not take place.

Based on the physical and psychological demands, it is specifically mentioned as constraints and desire. If the employee desires something routine, it is normal behaviour. When it is realised by employees due to the external factors, it becomes constraint. Desire arises when people confront some good opportunities. The constraints and desire take the form of stress if they are not smoothed out or fulfilled in the routine way of working. Opportunities do not lead to stress; but when opportunities are not realised in the normal course of time, it is stress. Stress is visible when there is an uncertainty of the result and the result is very important. When the employees are doubtful about the result and achievement of opportunities, stress sets in. People who do not bother about uncertainty or certainty or its outcome do not feel stress. People having apathy or indifference to the outcome, i.e. about the good or bad results, have no stress. It is the uncertainty and importance of any outcome which creates stress in the person. Employees with an indifferent attitude toward promotion, performance and placement have no stress.

Stress should not be confused with anxiety or nervous tension and damaging functions. They occur as regular features in many cases and have no long-lasting impacts on the working capacities of the employees. Anxiety may remain purely psychological and may not cause any physical impact. Similarly, only physical impacts will not be stress unless it is felt by the mind and heart. The psychological and physical impacts are visible in the form of stress. Anxiety is the cause of stress but not stress itself. Similarly, stress is not simply tension. Unconsciousness is a nervous breakdown, but it is not stress, although stress may cause unconsciousness. Stress is not always bad. Distress is preventable. Stress may create anxiety, nervous tensions and damaging impacts but these are not stress itself.

Forms of Stress

Stress is understood by its different forms which may be either temporary or long-term, mild or severe.

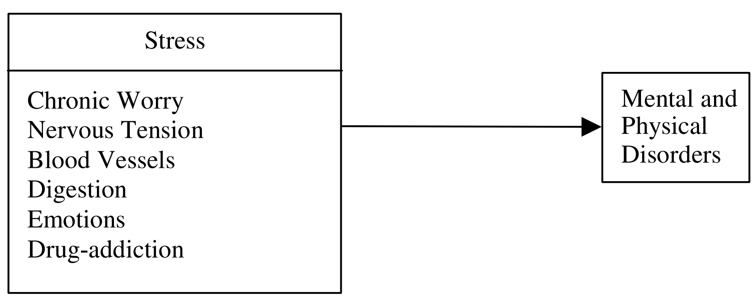

Fig. 4.2 *Stress*

The form of stress, if temporary and mild, cannot be distressing. One can recover from it easily. Many employees find stress merely superfluous but they suffer temporarily with such strenuous work. When an employee finds himself under a new and unknown situation with a different environment, he faces mild stress. He is unable to cope with the new situation. Conflicts take place and he becomes restless. When he becomes accustomed with the new situation and adjusts to it, the stress diminishes gradually. The forms of stress are mild, stiffer and chronic.

- **Milder form:** The milder form of stress is visible in digestive problems, high blood pressure, nervousness and inability to relax and insomnia.
- **Stiffer form:** If the stress is not prevented at the initial milder stage, it becomes the stiffer form.

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• **Chronic form:** Chronic worry, insomnia, frustration, instability and uncooperative attitude are developed if stress is not checked initially. If high intensity stress continues for an extended duration, problems arise. An individual suffering from high intensity stress cannot cope with problems, as the human body cannot rebuild its strength for a longer period. Stress is removed by the body as it has the capacity of homeostasis. Long stressed body weakens people psychologically. This is known as burn-out. The next chronic form of stress is trauma.

• **Burn-out:** Individuals are emotionally exhausted under 'burn-out'. They are detached from work and are unable to achieve their objectives. There are many jobs wherein burn-outs are experienced often. Intellectuals and professionals face burn-out because they suffer from continuous high stress. Managers and executives in an organization are prone to burn-out. They have to resort to physiological and psychological therapy to reduce the recurrence of burn-out. Employees prone to burn-out experience certain symptoms. They face irritation, errors in work, frustration and apathy. They find their job monotonous. Often, they tend to leave their present job and face many problems while taking up new jobs. Organizations have to prevent situations which indicate symptoms of burn-out. Employees are told how to cope with stressful situations. Many organizations arrange yoga and meditation programs to prevent their employees from reaching this condition of a 'burn-out'.

• **Trauma:** The most serious form of stress is 'trauma'. It occurs in a hostile atmosphere wherein employees do not find adjusting easy with the continuous stress. The workplace contributes significantly in the development of trauma—the work strains, social reactions to jobs, acute insecurity at workplace and beyond. The increasing incidence of terrorism and extortion has caused trauma to highly placed employees. Any hazardous occupation creates trauma at work as well as after work. Post-traumatic stress disorder is equally disturbing. The workplace trauma is often visible in the form of harassment, wrongful termination, biased attitudes and discrimination. Many times, employees assume responsibilities and find themselves in an emotional tailspin. Organizations witnessing the symptoms of trauma take serious steps to prevent its recurrence. Satisfaction, clarification and mutual help avoid trauma.

Stages of Stress

There are three stages of stress: alarm, resistance and exhaustion. GAS (General Adaptation Syndrome) as termed by Hans Selve is another name for stress. He has given three stages of stress.

1. Alarm

The first stage of stress is alarm wherein the stress mobilises the internal stress system. Many physiological and chemical reactions are observed during the alarm stage. Increased pituitary adrenaline secretions, increased respiration, heart trouble and high blood pressure are observed during the alarm stage. Many employees prevent themselves from becoming more stressed through physiological and psychological treatment.

2. Resistance

If the alarm stage is not prevented, resistance develops. The body organs become resistant but it paves the ways for the development of other stressors. Nervousness and tension are increased making individuals unable to relax. Individuals develop conflicts, frustration and uneasiness. Illness and diseases attached with stress are developed under resistance. Apparently, individuals feel free from stress, but serious diseases develop stealthily. It is essential to know the causes of stress and avoid them at the begining stage.

3. Exhaustion

Resistance or resistant stress creates exhaustion. The immunity of the body is reduced. Individuals feel fatigue and inability. Exhaustion develops moodiness, negative emotions and helplessness. The impact of stress is visible in physics, psychology and the behaviour of the employees in an organization wherein stress has reached the state of exhaustion. Health and psychological depression reduces the effectiveness of employees. Consequently, the success of an organization is adversely affected. Stressed employees cannot contribute significantly. A large number of organizations have started stress education to prevent stress from negatively affecting the employees.

Causes of Stress

Employees' stresses are due to organizational and extra-organizational causes. Organizational factors are related to the causes of stress arising within the organization. Extra-organizational factors are environmental. In simple terms, the causes of stress are environmental, organizational, group-related and individual.

Environmental factors

Environmental factors are as much contributory as the organizational factors to stress. Political and economic factors influence the behaviour of employees. Law and order problems create tension in the minds of employees. Technological uncertainties have a diverse impact on the people. Social pressures on the employees are commonly observed in the form of dissatisfaction. The outside forces have a tremendous impact on the employees. Ivancevich and Matterson have identified societal, economic, financial, cultural, familial and technological factors as influencing the mental status of employees. Social factors influence the lifestyle and behaviour of people. Health programmes, civic facilities and social institutions reduce stress. Family problems are highly influencing factors in reducing the effectiveness and efficiency of employees. Children's education and health always influence the mental status of employees. In India, racial association make people feel happy, whereas cross-racial association create problems. Differences in sex have been the cause of conflicts in many countries, which are reflected in the organizational behaviour.

Organizational factors

Organizational factors such as management–labour relations, working conditions, resource allocations, role of trade unions, behaviour of co-workers, etc. are important factors which cause stress to the physiology and psychology of employees. Organizational policies and working procedures are not the least influential factors of an organization. Strained management and labour relations create more tension than an individual's relationship with his co-worker. The organizational structure has to be properly designed to reduce strained relations. Stress is caused generally by too much autocracy, centralisation, lack of participation in decision-making, less chances of promotion, high degree of specialisation and sophistication, line staff conflicts, inter-departmental rifts, less attention to merited employees and so many other structural factors.

Working conditions which include temperature, dust, heat, business, lack of safety devices, lack of privacy, presence of toxic chemicals and radiation, air pollution, inadequate lighting and other physical conditions create stress in the minds and bodies of the employees. Resources are scarce and often unevenly distributed for production purposes. Employees getting more resources are in a position to put in more work. They become entitled for better pay and promotion. Workers getting less and inferior resources do not get adequate rewards because of their inadequate performance. Stress is observed due to biased and unjustified management style. The trade unions have been creating different levels of stress. Sometimes, the employees' demands are put in an illogical manner. They are unfulfilled. Multiple unions create more problems than solving them.

Organizational policies and procedures have a long-lasting impact on the mental and physical behaviour of the employees. Unfair and inadequate pay, rigid rules, rotation, ambiguous policies and unrealistic job designs cause more stress. Poor procedures, inadequate communication, conflicting jobs, inadequate and poor performance measurement, biased control and improper systems increase stress.

Task design, role demands and organizational objectives have diverse impact on stress. Job autonomy, task variety, task force and task relationships are included under task design. Interdependence of the employees poses potential stress. Role demands such as role expectations, role conflicts, role ambiguity, lack of social support, and poor interpersonal relationships cause stress. Organizational objectives direct the managerial style, role of the chief executive, control mechanism and behaviour of employees. Retrenchment, lay-off and other uncertainties lead to dissatisfaction.

Group factors

An organization includes group and individuals who influence each other and are influenced by the other. They cause stress and reduce it as well. Lack of group cohesiveness, lack of social support and group conflicts are potential causes of stress. Lack of togetherness is stress producing. Employees get satisfaction at the social level after returning from job performance. Job appreciation is also done by one's family and related members apart from the organization's boss. If the employees are degraded by their families and other members of society, they develop apathy and tension on that account. Group conflict includes incompatibility of goals and objectives, performance and rewards. The wide differences in these factors create stress in the minds of employees.

Individual factors

Individual factors such as personal characteristics, life changes and role perceptions create stress in different forms at different levels.

- **Personal characteristics:** It includes personality traits such as masculinity, extroversion, rigidity, spontaneity, locus of control, etc. which are potent causes of stress. These factors in themselves create tension and confusion. These traits are known as 'type A personality'. Managers, specialists, secretaries, scientists and other professionals possess type A personality. They have stable characteristics and experience stress because of chronic and incessant struggle to achieve more and more. They are more emotional and sensitive to achieve organizational goals. Such persons compete with others as well as with themselves based on their past achievements. They are prone to stress very easily as they are frustrated with the slightest decline in their achievement. On the contrary, 'type B personality' is not very sensitive and is a less potent cause of stress. Persons of type B personality are not concerned with time and are relaxed, mild, slow, carefree and less objective-oriented. Type B personality has patience and coolness which are required for top executives.

• **Life changes:** Life and career changes are stress-producing. Fast changes are more dangerous than the slow changes as fast changes have graver stress. Heart attacks are commonly observed in the case of fast changes in life and careers. Family problems as well as swift promotions are cases of fast changes. Economic and social problems are attached with life changes. A belief in locus of control decides the destiny. Internals, i.e. people who believe in work, are more stress prone than the externals, i.e. people who depend on god for success and failure.

• **Role perceptions:** Individuals have multiple roles to perform successfully. A person has to work as a father, husband, boss, junior, friend and so on. In his diverse roles, he comes into contact with stress as it is difficult to perform equally well in all the diverse roles. In a job, for example, he has to face role ambiguity, poor communication, role conflicts, and overloads of different roles. Stress factors are additive. It is necessary to control stress in the initial stages itself.

Effects of Stress

The effects of stress are visible in different forms. Some persons suffer from high blood pressure, ulcers and loss of appetite. Others face difficulties in making routine decisions, are very irritable and develop other mental problems. Stress is not always disturbing. In some cases, stress helps in the development of people. It is possible in a low level of stress which may be called either deep intention, tension or restlessness to achieve certain objectives. A low level of stress enhances the job performance. Employees try to find new ways of performance and achieve excellence in performance techniques. Mild stress provides an impetus to work harder and perform better. A job involving professional expertise is pushed up with mild stress. People who do physical work do not benefit from mild stress, although low stress may motivate them to work harder. A constant pressure of stress reduces one's working capacities. The consequences of stress are divided into physiological, psychological and behavioural.

Physiological effects

The impact of stress is mostly visible on one's body. Stress affects metabolism, increases heart beats and breathing rates, causes headache and high blood pressure. These symptoms do not directly influence an individual's performance on his job. They reduce the performance till it becomes chronic and acute. There is no direct link between job stress and physical problems because extraordinary factors also influence the stress level. Many researchers have concluded that ulcers, arthritis, cancer and heart diseases are the result of stress. Serious physical ailments have drastic effects on individuals. Efforts should be made to avoid stress to keep employees healthy and active for achieving the organizational goals.

Psychological effects

Stress affects the body as well as the mind of a person. Physical and mental health are adversely affected by stress. It has been observed that physical problems due to stress are possible only through mental tension. Stress directly affects the mind and the mental pressure creates several physiological problems. Mental health is adversely affected due to constant and chronic stress. It can be stated that stress influences the mind which weakens the body as a weak mind creates a weak body. High blood pressure is caused by mental tension. Cancer is the after-effect of secretion of negative liquids of glands, which are directly affected by the mind. A sound mind secretes positive juices from the glands which make the body healthy and happy.

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High levels of stress are always putting pressures on the mind which are visible in the form of anxiety, depression, nervousness, tension, irritation and so many negative consequences. These visible forms of stress cause negative impacts on the body which develops serious types of diseases such as cancer, heart disease, blood pressure and mental disorders.

The working capacities of the employees decline as a result of low morale and self-esteem. Often, the subordinates do not discuss even important problems with their superiors because the latter speaks very harshly with the subordinates. Harsh behaviour is due to excessive work pressure and chronic tension. Ultimately, the work of an organization suffers. Such superiors also lose their respect which again causes them more tension. Stress creates a vicious cycle in the organization. Employees under constant pressure are unable to contribute significantly. Quality and quantity show a decline and immediately superiors are questioned. In turn, the superiors are annoyed and then the subordinates are put under pressures. The mental effects are more dangerous than any other effects. The co-workers, subordinates and superiors are disgusted with stressful managers who become restless about the dissatisfied performances of their employees.

Behavioural impacts

The impacts of stress have an ultimate impact on the behaviour of people, although it has a direct impact on the mind and body. A distressed mind and disease-prone body cannot have proper behaviour. A sound mind and healthy body behaves properly. Stressed people are unable to control their mind and body. They become moody, lazy and irritable. Sometimes, they resort to bad practices to avoid the pressure of stress. Alcoholism, speculation, fidgeting, increased smoking, aloofness and inaction are the visible behaviour of stressful employees. While at work, they talk about stress and leave work uncompleted. Drinking alcohol during worktime is a great problem. Many stressful employees drink too much. It reduces their working capacity. Absenteeism is the main problem of stress because mentally and physically disturbed people do not attend their work. Absentees are retrenched which causes dissatisfaction amongst the employees. The stress should be prevented in the early stages.

Coping strategies for stress

Management strategies have discussed the ways and means of coping strategies such as job design, design rotation, job description, goal setting, organizational behaviour, group dynamics, conflict management, leadership control techniques. The strategies for coping stress are divided into two parts: individual and organizational.

Individual strategies

Under individual strategies, employees take personal responsibilities for reducing their respective stress. They try to prevent the stress as well as to reduce the stress. They may request for job transfers, find alternative employment, request for an early retirement, take tours and resort to physical exercise. Individual strategies are time management, physical exercise, behavioural self-control, relaxation training, cognitive therapy and social support.

• **Time management:** Time management is an effective technique of managing stress. Proper and adequate time utilisation is a preventive as well as a curative device. On the other hand, poorly managed time creates stress and strain. Time management helps to reduce tension because individuals easily achieve their objectives within a specified time. The time management principles involve making daily lists of activities,

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priority activities, scheduling activities according to priority lists, knowing daily cycle and daily job nature. Allocation of time schedule and quantum of time to each activity of the day makes people understand as to how to use time most effectively.

• **Physical exercises:** Routine and relaxed exercises reduce the tension of employees. Competitive exercises increase tension and non-competitive exercises relax people. Non-competitive physical exercises include aerobatics, walking, jogging, swimming and riding a bicycle. Suitable physical exercises are suggested by physicians to reduce a particular type of tension. For example, blood pressure is controlled by jogging and heart disease is prevented by regular morning walks and so on. Moreover, all types of physical exercises divert the mind from tension and stress. Physical exercise is reactive and proactive to lessen the problems of stress.

• **Behavioural self-control:** Learning and personality development help manage tension. Proper behaviour prevents stress. Behaviour has a direct impact on performance which causes satisfaction and stress. Frustrated employees resort to unethical and immoral practices. People have the capacity of self-control by deliberately managing the antecedents. Individuals, if they so desire, can control their own behaviour by adopting exemplary paths of successful persons. Self-introspection makes people behave properly.

• **Relaxation training:** People adopt certain relaxation techniques such as biofeedback and meditation for getting relaxation from stress and tension. Meditation involves quiet, concentrated inner thoughts in order to rest the body and mind. It includes muscle and mental relaxation. Transcendental Meditation (TM) is practiced to reduce stressful situations. It involves meditation or sitting relaxed for fifteen to twenty minutes in a day. While concentrating, people recite certain mantras. Yoga is also used for relaxation. Meditation reduces stress and tension. It helps to maintain peace and control one's heartbeat.

• **Cognitive therapy:** A number of psychological techniques are used to keep employees free from stress. Ellis and Meichenbaum have used emotive and cognitive behaviour modification models to reduce job stress. Physiological and emotional responses are recognised for increasing work efficiency. Hormones produced by the adrenal glands have a positive impact on mental satisfaction. Cognitive strategy helps the self-control of people.

• **Social support:** People are benefitted by social support. It reduces job stress. Good listeners and confidence builders are essential for managing stress. The expansion of social support network is a means of reducing tension.

Organizational Strategies

Organizational strategies include the ways and means attached with the organizational structure, goal setting, designing and redesigning of jobs, improved communication, employees involvement and other organizational strategies for reducing stress. Organizational stressors are categorised in terms of corporate policies, physical condition, organizational structure, process and functions which are focused for developing organizational strategies. Each and every stressor is worked out to eliminate organizational stress. For example, pay plans, promotion policy and job designs create stress in an organization if they are not properly formulated. The individual and organizational stress is removed if they are formulated in a broader perspective considering the employees' interests and organizational goals. Similarly, organizational strategies are developed in other areas of organizational stress. Specific goal setting and job designing, reducing conflict, developing career plans, creating healthy organizational climate and providing counselling are strategies considered in an organization to reduce stress.

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• **Goal setting and job designing:** Goal incompatibility creates stress. Therefore, it is essential to set the goals to avoid stress and conflict. Individuals perform better when they have specific and challenging goals. Goals provide motivation to work. Similarly, goal feedback reduces uncertainties and clarifies the performance. Consequently, stress is minimised as the frustration and ambiguity are avoided by clarifying specific goals. Job designed as per set goals reduces all sort of problems. Employees are aware of their respective variety of skills, task identity, task significance, autonomy and feedback. Enriched tasks reduces stress. Enriched jobs motivate many growth-oriented employees, whereas the non-growth-oriented people get job stress. Such people feel increased stress with enriched jobs. Redesigning of jobs is essential in the light of different characteristics of employees. Role defining makes employees specific performers. Uncertainties and ambiguities are reduced to manage the stress favourably.

• **Reducing conflicts:** Role ambiguity is the main cause of conflict. An organization must reduce functional as well as dysfunctional conflicts as discussed in the chapters on conflict. The expectation–performance relation, performance award relations and organizational attitudes are well defined to reduce any sort of ambiguity and misunderstanding. Employees are not left with any conflicts and strained relations in an efficient organization. Stress management on the basis of conflict resolving is fully discussed in a previous chapter on conflict.

• **Developing career plans:** The employees are told about their career plans and future development. The employees' development is an essential feature of stress management. An employee with a developed outlook and skill can perform better without stress. Undeveloped employees are always under stress whether real or expected. Training and career development has a positive impact on the development of employees. Theoretical teaching has no impact on employees development. Practical training and job demonstration reduce all sorts of ambiguities of jobs. Real-life examples are demonstrated to help the employees to develop themselves. The career planning and development exercises are continuous and regular features of organization development. If it is broken, stress is witnessed. It becomes essential to adopt total, comprehensive, organizational entry to existing activities of the organization and employees' development. Devices are developed to aid the individual in self-assessment and increased self-understanding. Educational and experimental programs and counselling are used for developing the employees.

• **Creating healthy climate:** A congenial atmosphere of work and relationship prevents any sort of stress. Sometimes, individual stress is reduced when employees enter the workplace. Friendly talk and healthy conditions help people reduce their family tension. The tension one encounters at home is avoided at the office and factory. Researches have revealed that employees try to forget the tension of family problems at other places of peace. If factory and office prove to be peaceful places, people would like to stay for longer hours there instead of going home early. An air-conditioned office is a place of attraction for employees. Similarly, there are a number of elements which may be more attractive than the home. A healthy atmosphere in an organization includes proper lateral, vertical, diagonal communication, congenial work climate and promotional avenues. Organizational structure is developed accordingly. Formal communication reduces uncertainty.

• **Providing counselling:** Counselling is an exchange of ideas and feelings between two persons or parties. It helps the employees to cope with problems and improve the organizational performance. Personal counselling has been a permanent function of many organizations. It solves the problems of the employees while at work or at home. Counselling has proved an important factor of stress management. Advice, reassurance communication, release of emotional tension, clarified thinking and reorientation are six functions of counselling. Similarly, non-directive, participative and directive counselling are useful techniques of counselling. These techniques are used for solving the stress problems of the employees.

CHECK YOUR PROGRESS

7. Enumerate some of the challenges in HRM.
8. Fill in the blanks:
   (i) The future of personnel management will be more about ________________ rather than has an administrator of personnel service.
   (ii) The scope of personnel management function depends, to a large extent, on its importance in the organization and the attitude of the _____________.

4.6 SUMMARY

- Human resource information system is a computerized system that aids in the processing of information relating to human resource management.
- HR records provide information regarding the utilization of human resources in an objective way.
- Audit is an important aspect of managerial control. It involves examination and verification of accounts and records.
- Human resource audit implies a critical examination and evaluation of policies, programmes and procedures in the area of HR management.
- The HR audit has a very wide scope. It assumes that the management of human resources involves much more than the practice of recruiting, hiring, retaining and firing employees.
- Psychological contract has been defined by Schein as, 'the depiction of the exchange relationship between the individual employee and the organization.'
- Psychological contracts helps set the framework for understanding employee-organization linkages.
- A transactional contract is associated with an economic exchange among parties and involves specific obligations.
- TQM pioneered by Edward Deming, is a broad-based, systematic approach for achieving high levels of quality.
- Kaizen is a Japanese term which means continuous improvement or improvement over improvement.
- Re-engineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in cost, quality and speed.
- Flexitime is a plan whereby employees determine their own starting and stopping hours within limits fixed by the employer.
- Telecommuting is a work arrangement whereby employees, called tele-workers or telecommuters are able to remain at home (or otherwise away from the office) and perform their work using computers and other electronic devices that connect them with their offices.

- Emotional intelligence is the ability to perceive emotions; to access and generate them; to understand emotions and emotional knowledge, and to reflectively regulate emotions, so as to promote emotional and intellectual growth.
- One of the most significant forces affecting human resource management has been the outsourcing of human resource functions.
- Outsourcing is the process of transferring responsibility for an area of service and its objectives to an external provider.
- The future of HR Outsourcing in India is very promising because of its intrinsic advantages such as low cost, and ready pool of English speaking manpower.
- The personnel professional's role should be to aid and assist the line managers in such a way that the human resource is put to its optimum use.
- The future trends of personnel management in Indian industries will modify the role of the personnel manager.
- Stress is a dynamic condition in which a person is faced with constraint and strains.
- Stress is understood by its different forms which may be either temporary or long-term, mild or severe.
- There are three stages of stress: alarm, resistance and exhaustion.
- The causes of stress are environmental, organizational, group-related and individual.

4.7 KEY TERMS

- **Audit:** Audit is an official inspection of an individual's or organization's accounts, typically by an independent body.
- **Psychological contract:** Psychological contract refers to the relationship between an employer and its employees, and specifically concerns mutual expectations of inputs and outcomes.
- **Kaizen:** Kaizen is a Japanese business philosophy of continuous improvement of working practices, personal efficiency, etc.
- **Flexitime:** Flexitime is a plan whereby employees determine their own starting and stopping hours within limits fixed by the employer.

4.8 ANSWERS TO 'CHECK YOUR PROGRESS'

1. Human resource information system is a computerized system that aids in the processing of information relating to human resource management.
2. Three advantages of HRIS are as follows:
    - It gives accurate information
    - It helps in processing faster.
    - It works as a valuable tool to strategic planning and its implementation
3. Modern organizations feel the need for HR audits:
    - to increase the size of the organization and personnel in several organizations
    - to change the philosophy of management towards HR
    - to increase the strength and influence of trade unions

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4. The benefits of HR audits are as follows:
   - It identifies the contributions of the HR department.
   - It improves the professional image of the HR department.
5. The three stages of stress are alarm, resistance and exhaustion.
6. The causes of stress are environmental, organizational, group-related and individual.
7. Some of the challenges in HRM are globalization, revolution in information technology and changes in political and legal environment.
8. (i) Human resource development

   (ii) Top management

4.9 QUESTIONS AND EXERCISES

Short-Answer Questions

1. What is psychological contract?
2. What is human resource information system?
3. What are the objectives of human resource audit?
4. What is the future of human resource management?
5. What are the challenges of human resources management?
6. What is stress management?

Long-Answer Questions

1. What is an HR audit? Explain the objectives of an HR audit.
2. Explain the report of an HR audit.
3. Explain the functions of psychological contract? How does a breach occur in psychological contract?
4. Explain the challenges faced by HR due to technological innovation.
5. Explain the term Quality Circles.
6. Define 'business process re-engineering'. Explain HR's role in re-engineering processes.
7. Discuss the factors which cause stress.

4.10 FURTHER READING

Aquinas, P. G. 2005. *Human Resources Management: Principles and Practice*. New Delhi: Vikas Publishing House Pvt Ltd.

Werther, William B. Jr. and Keith Davis, 1993. *Human Resources and Personnel Management* (Fourth Edition). New York: Macmillan.

Flippo, Edwin B. 1984. *Personnel Management* (Fourth Edition). New York: McGraw Hill.