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HUMAN RESOURCE MANAGEMENT

M.A. (HRM) Semester-I Paper-II

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FOREWORD

Since its establishment in 1976, Acharya Nagarjuna University has been forging ahead in the path of progress and dynamism, offering a variety of courses and research contributions. I am extremely happy that by gaining 'A' grade from the NAAC in the year 2016, Acharya Nagarjuna University is offering educational opportunities at the UG, PG levels apart from research degrees to students from over 443 affiliated colleges spread over the two districts of Guntur and Prakasam.

The University has also started the Centre for Distance Education in 2003-04 with the aim of taking higher education to the door step of all the sectors of the society. The centre will be a great help to those who cannot join in colleges, those who cannot afford the exorbitant fees as regular students, and even to housewives desirous of pursuing higher studies. Acharya Nagarjuna University has started offering B.A., and B.Com courses at the Degree level and M.A., M.Com., M.Sc., M.B.A., and L.L.M., courses at the PG level from the academic year 2003-2004 onwards.

To facilitate easier understanding by students studying through the distance mode, these self-instruction materials have been prepared by eminent and experienced teachers. The lessons have been drafted with great care and expertise in the stipulated time by these teachers. Constructive ideas and scholarly suggestions are welcome from students and teachers involved respectively. Such ideas will be incorporated for the greater efficacy of this distance mode of education. For clarification of doubts and feedback, weekly classes and contact classes will be arranged at the UG and PG levels respectively.

It is my aim that students getting higher education through the Centre for Distance Education should improve their qualification, have better employment opportunities and in turn be part of country's progress. It is my fond desire that in the years to come, the Centre for Distance Education will go from strength to strength in the form of new courses and by catering to larger number of people. My congratulations to all the Directors, Academic Coordinators, Editors and Lesson- writers of the Centre who have helped in these endeavours.

*Prof. P. Raja Sekhar
Vice-Chancellor
Acharya Nagarjuna University*

MASTER OF ARTS: HUMAN RESOURCE MANAGEMENT (H.R.M)
SEMESTER-I

102HM21 - **HUMAN RESOURCE MANAGEMENT**

UNIT – 1 **Human Resource Management**: Concept, Scope, **Objectives**, Principles – Policies- Procedures-programmes – Internal and External Environment that affect HRM programmes

UNIT – 2 Human Resource Planning: Importance- Forecasting Demand and supply of employees in the organization- Forecasting Techniques –Skill- Inventory and Replacement chart. **Job Analysis, Job Description: Job specification: Job Design, Job Enrichment**, HR Inventory; Forecasting and Determination of current and future HR requirements; Right-sizing and downsizing.

UNIT – 3 **Recruitment: Policy/Philosophy, Sources of Recruitment, Methods of Recruitment**. Selection: Concept, Process and Techniques: Application Blank: Selection Tests: Employment interview; selecting Managerial Personnel: Induction: Probation; Placement and Socializing the new employees. Training and Development – Concepts- Objectives-Needs-Policies-Methods

UNIT – 4 Performance Appraisal and Career Planning and Industrial Engineering Performance Appraisal – Concept- Evaluation Techniques- Methods of Performance Appraisal Career Planning and career paths: Promotions, Transfers and policies, Separation Policy and problems; Exit Interview.

UNIT – 5 Maintenance : Compensation- Concept, Policies-Methods of wage payments and Incentives- Employee Benefits and Service. Discipline – Disciplinary Proceedings Domestic Enquiry- Absenteeism- Turnover.

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LESSON - I**INTRODUCTION TO HUMAN RESOURCE MANAGEMENT****Objective**

After Studying this lesson, the students are able to understand.

- Nature of HRM
- Features or characteristics of HRM
- Significance/need of HRM
- Scope of HRM
- Objectives of HRM
- Functions of HRM
- Evolution of HRM
- Importance Of Human Resource Management
- Challenges In HRM

Structure

- 1.1 Definitions of HRM
- 1.2 Nature of HRM
- 1.3 Features or characteristics of HRM
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HRM is the study of activities regarding people working in an organization. It is a managerial function that tries to match an organization's needs to the skills and abilities of its employees.

1.1 Definitions of HRM

Human resources management (HRM) is a management function concerned with hiring, motivating and maintaining people in an organization. It focuses on people in organizations. Human resource management is designing management systems to ensure that human talent is used effectively and efficiently to accomplish organizational goals.

HRM is the personnel function which is concerned with procurement, development, compensation, integration and maintenance of the personnel of an organization for the purpose of contributing towards the accomplishments of the organization's objectives. Therefore, personnel management is the planning, organizing, directing, and controlling of the performance of those operative functions (Edward B. Philippo).

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

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

1.2 Nature of HRM

HRM is a management function that helps manager's to recruit, select, train and develop members for an organization. HRM is concerned with people's dimension in organizations.

The following constitute the core of HRM

1. HRM involves the application of management functions and principles. The functions and principles are applied to acquiring, developing, maintaining and providing remuneration to employees in organization.

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

3. Decisions made influence the effectiveness of an organization. Effectiveness of an organization will result in betterment of services to customers in the form of high quality products supplied at reasonable costs.

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

1.3 Features or characteristics of HRM

1. HRM involves management functions like planning, organizing, directing and controlling
2. It involves procurement, development, maintenance of human resource
3. It helps to achieve individual, organizational and social objectives
4. HRM is a mighty disciplinary subject. It includes the study of management psychology communication, economics and sociology.
5. It involves team spirit and team work.

1.4 Significance/ Need of HRM

HRM becomes significant for business organization due to the following reasons.

1. Objective :-

HRM helps a company to achieve its objective from time to time by creating a positive attitude among workers. Reducing wastage and making maximum use of resources etc.

2. Facilitates professional growth :-

Due to proper HR policies employees are trained well and this takes them ready for future promotions. Their talent can be utilized not only in the company in which they are currently working but also in other companies which the employees may join in the future.

3. Better relations between union and management :-

Healthy HRM practices can help the organization to maintain co-ordinal relationship

with the unions. Union members start realizing that the company is also interested in the workers and will not go against them therefore chances of going on strike are greatly reduced.

4. Helps an individual to work in a team/group :-

Effective HR practices teach individuals team work and adjustment. The individuals are now very comfortable while working in team thus team work improves.

5. Identifies person for the future :-

Since employees are constantly trained, they are ready to meet the job requirements. The company is also able to identify potential employees who can be promoted in the future for the top level jobs. Thus one of the advantages of HRM is preparing people for the future.

6. Allocating the jobs to the right person :-

If proper recruitment and selection methods are followed, the company will be able to select the right people for the right job. When this happens the number of people leaving the job will reduce as the will be satisfied with their job leading to decrease in labor turnover.

7. Improves the economy:-

Effective HR practices lead to higher profits and better performance by companies due to this the company achieves a chance to enter into new business and start new ventures thus industrial development increases and the economy improves.

1.5 Scope of Human Resource Management

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

The scope of Human Resources Management extends to:

- All the decisions, strategies, factors, principles, operations, practices, functions, activities and methods related to the management of people as employees in any type of organization.
- All the dimensions related to people in their employment relationships, and all the dynamics that flow from it.

The scope of HRM is really vast. All major activities in the working life of a worker – from the time of his or her entry into an organization until he or she leaves it comes under the purview of HRM. American Society for Training and Development (ASTD) conducted fairly an exhaustive study in this field and identified nine broad areas of activities of HRM.

These are given below:

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

1. **Human resource planning:** The objective of HR Planning is to ensure that the organization has the right types of persons at the right time at the right place. It prepares human resources inventory with a view to assess present and future needs, availability and possible shortages in human resource. Thereupon, HR Planning forecast

demand and supplies and identify sources of selection. HR Planning develops strategies both long-term and short-term, to meet the man-power requirement.

2. **Design of organization and job:** This is the task of laying down organization structure, authority, relationship and responsibilities. This will also mean definition of work contents for each position in the organization. This is done by –job description. Another important step is –Job specification. Job specification identifies the attributes of persons who will be most suitable for each job which is defined by job description.
3. **Selection and staffing:** This is the process of recruitment and selection of staff. This involves matching people and their expectations with which the job specifications and career path available within the organization.
4. **Training and development:** This involves an organized attempt to find out training needs of the individuals to meet the knowledge and skill which is needed not only to perform current job but also to fulfill the future needs of the organization.
5. **Organizational development:** This is an important aspect whereby –Synergetic effect is generated in an organization i.e. healthy interpersonal and inter-group relationship within the organization.
6. **Compensation and Benefits:** This is the area of wages and salaries administration where wages and compensations are fixed scientifically to meet fairness and equity criteria. In addition labor welfare measures are involved which include benefits and services.
7. **Employee Assistance:** Each employee is unique in character, personality, expectation and temperament. By and large each one of them faces problems everyday. Some are personal some are official. In their case he or she remains worried. Such worries must be removed to make him or her more productive and happy.
8. **Union-Labor Relations:** Healthy Industrial and Labor relations are very important for enhancing peace and productivity in an organization. This is one of the areas of HRM.
9. **Personnel Research and Information System:** Knowledge on behavioral science and industrial psychology throws better insight into the workers expectations, aspirations and behavior. Advancement of technology of product and production methods have created working environment which are much different from the past. Globalization of economy has increased competition many fold. Science of ergonomics gives better ideas of doing a work more conveniently by an employee. Thus, continuous research in HR areas is an unavoidable requirement. It must also take special care for improving exchange of information through effective communication systems on a continuous basis especially on moral and motivation.

1.6 Objectives of HRM

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

- 1) **Human capital:** assisting the organization in obtaining the right number and types of employees to fulfill its strategic and operational goals.
- 2) **Developing organizational climate:** helping to create a climate in which employees are encouraged to develop and utilize their skills to the fullest and to employ the skills and abilities of the workforce efficiently.
- 3) **Helping to maintain** performance standards and increase productivity through effective job design: providing adequate orientation, training and development; providing performance-related feedback; and ensuring effective two-way communication.

- 4) **Helping to establish** and maintain a harmonious employer/employee relationship
- 5) Helping to create and maintain a safe and healthy work environment
- 6) Developing programs to meet the economic, psychological, and social needs of the employees and helping the organization to retain the productive employees
- 7) Ensuring that the organization is in compliance with provincial/territorial and federal laws affecting the workplace (such as human rights, employment equity, occupational health and safety, employment standards, and labour relations legislation). To help the organization to reach its goals
- 8) To provide organization with well-trained and well-motivated employees
- 9) To increase the employees satisfaction and self-actualization
- 10) To develop and maintain the quality of work life
- 11) To communicate HR policies to all employees.
- 12) To maintain ethical polices and behavior.

3 Main Objectives

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

1.7 Functions of HRM

Human Resources management has an important role to play in equipping organizations to meet the challenges of an expanding and increasingly competitive sector. Increase in staff numbers, contractual diversification and changes in demographic profile which compel the HR managers to reconfigure the role and significance of human resources management. The functions are responsive to current staffing needs, but can be proactive in reshaping organizational objectives. All the functions of HRM are correlated with the core objectives of HRM (Table 1.1). For example personal objectives is sought to be realized through functions like remuneration, assessment etc.

Functions of HRM



Strategic HR Management:

As a part of maintaining organizational competitiveness, strategic planning for HR effectiveness can be increased through the use of HR metrics and HR technology. Human resource planning (HRP) function determine the number and type of employees needed to accomplish organizational goals. HRP includes creating venture teams with a balanced skill-mix, recruiting the right people, and voluntary team assignment. This function analyzes and determines personnel needs in order to create effective innovation teams. The basic HRP strategy is staffing and employee development.

Equal Employment Opportunity: Compliance with equal employment opportunity (EEO) laws and regulations affects all other HR activities.

Staffing: The aim of staffing is to provide a sufficient supply of qualified individuals to fill jobs in an organization. Job analysis, recruitment and selection are the main functions under staffing. Workers job design and job analysis laid the foundation for staffing by identifying what diverse people do in their jobs and how they are affected by them.

Job analysis is the process of describing the nature of a job and specifying the human requirements such as knowledge, skills, and experience needed to perform the job. The end result of job analysis is job description. Job description spells out work duties and activities of employees. Through HR planning, managers anticipate the future supply of and demand for employees and the nature of workforce issues, including the retention of employees. So HRP precedes the actual selection of people for organization.

These factors are used when recruiting applicants for job openings. The selection process is concerned with choosing qualified individuals to fill those jobs. In the selection function, the most qualified applicants are selected for hiring from among the applicants based on the extent to which their abilities and skills are matching with the job.

Talent Management and Development: Beginning with the orientation of new employees, talent management and development includes different types of training. Orientation is the

first step towards helping a new employee to adjust himself to the new job and the employer. It is a method to acquaint new employees with particular aspects of their new job, including pay and benefit programmes, working hours and company rules and expectations. Training and Development programs provide useful means of assuring that the employees are capable of performing their jobs at acceptable levels and also more than that. All the organizations provide training for new and in experienced employee. In addition, organization often provide both on the job and off the job training programmes for those employees whose jobs are undergoing change.

Likewise, HR development and succession planning of employees and managers is necessary to prepare for future challenges. Career planning has developed as result of the desire of many employees to grow in their jobs and to advance in their career. Career planning activities include assessing an individual employee's potential for growth and advancement in the organization. Performance appraisal includes encouraging risk taking, demanding innovation, generating or adopting new tasks, peer evaluation, frequent evaluations, and auditing innovation processes.

This function monitors employee performance to ensure that it is at acceptable levels. This strategy appraises individual and team performance so that there is a link between individual innovativeness and company profitability. Which tasks should be appraised and who should assess employees' performance are also taken into account.

Total Rewards: Compensation in the form of pay, incentives and benefits are the rewards given to the employees for performing organizational work. Compensation management is the method for determining how much employees should be paid for performing certain jobs.

Compensation affects staffing in that people are generally attracted to organizations offering a higher level of pay in exchange for the work performed. To be competitive, employers develop and refine their basic compensation systems and may use variable pay programs such as incentive rewards, promotion from within the team, recognition rewards, balancing team and individual rewards etc.

This function uses rewards to motivate personnel to achieve an organization's goals of productivity, innovation and profitability. Compensation is also related to employee development in that it provides an important incentive in motivating employees to higher levels of job performance to higher paying jobs in the organization.

Benefits are another form of compensation to employees other than direct pay for the work performed. Benefits include both legally required items and those offered at employer's discretion. Benefits are primarily related to the area of employee maintenance as they provide for many basic employee needs.

Risk Management and Worker Protection: HRM addresses various workplace risks to ensure protection of workers by meeting legal requirements and being more responsive to concerns for workplace health and safety along with disaster and recovery planning.

Employee and Labor Relations: The relationship between managers and their employees must be handled legally and effectively. Employer and employee rights must be addressed. It is important to develop, communicate, and update HR policies and procedures so that managers and employees alike know what is expected. In some organizations, union/management relations must be addressed as well.

The term labor relation refers to the interaction with employees who are represented by a trade union. Unions are organization of employees who join together to obtain more

voice in decisions affecting wages, benefits, working conditions and other aspects of employment. With regard to labor relations the major function of HR personnel includes negotiating with the unions regarding wages, service conditions and resolving disputes and grievances.

1.8 Evolution of HRM

The evolution of HRM can be traced back to Kautilya Artha Shastra where he recommends that government must take active interest in public and private enterprise. He says that government must provide a proper procedure for regulating employee and employee relation

In the medieval times there were examples of kings like Allaudin Khilji who regulated the market and charged fixed prices and provided fixed salaries to their people. This was done to fight inflation and provide a decent standard of living.

1920s–1950s Human Resources Management

Lucky for us human beings, the workplace began to change with the realization that workers were not puppets on a string, but people with emotional and psychological needs. "Personnel departments" and "manpower development" increased their efforts around internal training and working with labor unions to develop stronger compensation packages. "Human capital" became synonymous for the knowledge an individual embodies in affecting economic growth.

1960s–1980s Human Resources Management

In the early '60's, the US legislature began passing fairer employment practices such as the Equal Pay Act of 1963 and Civil Rights Act of 1964 compelling human resource departments to focus on compliance issues. At the same time, human motivation theories including Herzberg's Two Factor Theory and Deci and Ryan's Self-Determination Theory, began to transform the workplace. Organizational management and industrial psychology contributed to HR paying more attention to employees' need for achievement, advancement, and recognition by matching the nature of the work itself with a person's skills and interests.

1990s–2010s Human Resources Management

The role of HR is more complex than ever. New and emerging technology has shifted the focus from personnel management and administrative tasks, today's HR departments—at least the forward-thinking ones—spend their energies managing employee engagement and strengthening culture. They're also charged with managing the employees themselves to increase the odds they're happy at work and will continue to stick around for the foreseeable future.

Through the decades, the workforce evolved from labor-based to services-focused requiring HR to shift from a process-centric function to a worker-centric function, according to SHRM. Understanding the needs, wants and motivations of a diverse and multi-generational workforce has led HR to attract and retain high-performers, but the battle for top talent has accelerated.

The Future for HR Leaders

SHRM points out that, "Tomorrow's HR leaders will need to be bigger, broader thinkers, and they'll have to be tech-savvy and nimble enough to deal with an increasingly agile and restless workforce." Gartner agrees saying HR leaders will need to be "more flexible and responsive to changing employee needs."

Leaders who understand HR's enormous value in the workplace will have a unique, big picture view from both the company perspective and employee perspective.

1.9 Importance of the human factor

- Proper utilization of other resources
- Help transform lifeless factors of production into useful products

- Capable of enlargement.
- produce extraordinary things when inspired
- Can help organization achieve results quickly, efficiently & effectively.
- The secret of their success is –The way they treat their employees– Sony
- Nestle CEO –Every single person in the organization should ask himself or herself is there anything I can do to add a little more value to our organization!
- How important are people treated in the Organization.
- Organization acquires the services from the Employees, Develop their Skills and motivate them to achieve the organization objectives.
- HR - Productivity, Quality Work Life & Profit.
- The Enterprise is People, Organization need people and People need Organization.

1.10 Importance of the HRM

The importance of human factor can be discussed as follows:

a) Social Significance:

Proper management of personnel, enhances their dignity by satisfying their social needs. This it does by i) maintaining a balance between the jobs available and the jobseekers, according to the qualifications and needs; ii) providing suitable and most productive employment, which might bring them psychological satisfaction; iii) making maximum utilization of the resource in an effective manner and paying the employee a reasonable compensation in proportion to the contribution made by him; iv) eliminating waste or improper use of human resource, through conservation of their normal energy and health; and v) by helping people make their own decisions, that are in their interests.

b) Professional Significance:

By providing a healthy working environment it promotes teamwork in the employees. This it does by i) maintaining the dignity of the employee as a 'human-being'; ii) providing maximum opportunities for personal development; iii) providing healthy relationship between different work groups so that work is effectively performed; iv) improving the employees' working skill and capacity; v) correcting the errors of wrong postings and proper reallocation work.

c) Significance for Individual Enterprise:

It can help the organization in accomplishing its goals by: i) creating right attitude among the employees through effective motivation; ii) utilizing effectively the available human resources; and iii) securing willing co-operation of the employees for achieving goals of the enterprise and fulfilling their own social and other psychological needs of recognition, love, affection, belongingness, esteem and self-actualization.

Dynamic and growth-oriented organizations do require effective management of people in a fast-changing environment. Organizations flourish only through the efforts and competencies of their human resources. Employee capabilities must continuously be acquired, sharpened and used. Any organization will have proper human resource management i) to improve the capabilities of an individual; ii) to develop team spirit of an individual and the department; and iii) to obtain necessary cooperation from the employees to promote organizational effectiveness.

It is the human resource, which is of paramount importance in the success of any organization, because most of the problems in organizational settings are human and social rather than physical, technical or economic. Failure to reorganize this fact causes immense loss to the nation, enterprise and the individual. In the words of Oliver Sheldon, - No industry can be rendered efficient so long as the basic fact remain unrecognized that it is

principally human. It is not a mass of machines and technical processes, but a body of men. It is not a complex matter, but a complex of humanity. It fulfills its function not by virtue of some impersonal force, but a human energy. Its body is not an intricate maze of mechanical devices but a magnified nervous system.

People at work comprise a large number of individuals of different sex, age, socio- religious group and different educational or literacy standards. These individuals in the work place exhibit not only similar behavior patterns and characteristics to a certain degree, but they also show dissimilarity. Each individual who works has his own set of needs, drives, goals and experiences. Each has his own physical and psychological traits. Each human being is not only a product of his biological inheritance but also a result of interactions with his environment. Family relationships, religious influences, racial or caste backgrounds, educational accomplishment, the application of technological innovations, and many other environmental- experimental influences affect the individual as he works.

People come to work with certain specific motives to earn money, to get employment, to have better prospect in future, to be treated as a human being while at the place of work. They sell their labor for reasonable wage / salary and other benefits. It is these people who provide the knowledge and much of the energy through which organizational objectives are accomplished.

The management must, therefore, be aware not only of the organizational but also employee needs. None of these can be ignored

1.11 Challenges in HRM

The HR Managers of today may find it difficult because of the rapidly changing business environment and therefore they should update their knowledge and skills by looking at the organization's need and objectives.

- 1) **Managing the Vision:** Vision of the organization provides the direction to business strategy and helps managers to evaluate management practices and make decisions. So vision management becomes the integral part of the process of Man management in times to come.
- 2) **Internal Environment:** Creating an environment which is responsive to external changes, providing satisfaction to the employees and sustaining through culture and systems is a challenging task.
- 3) **Changing Industrial Relations:** Both the workers and managers have to be managed by the same HRM Philosophy and this is going to be a difficult task for the managers of tomorrow.
- 4) **Building Organizational Capability:** Even in the adverse circumstances the employees have to be made to live in psychological state of readiness to continually change.
- 5) **Job Design and Organization Structure:** Instead of depending on foreign concepts we need to focus on understanding the job, technology and the people involved in carrying out the tasks.
- 6) **Managing the Large Work Force:** Management of large workforce poses the biggest problem as the workers are conscious of their rights.
- 7) **Employee Satisfaction:** Managers should be aware of techniques to motivate their employees so that their higher level needs can be satisfied.
- 8) **Modern Technology:** There will be unemployment due to modern technology and this could be corrected by assessing manpower needs and finding alternate employment.
- 9) **Computerized Information System:** This is revolutionary in managerial decision making and is having impact on coordination in the organization.

- 10) **Managing Human Resource Relations:** As the workforce comprises of both educated and uneducated, managing the relations will be of great challenge. One of the challenges HR managers face is **issues of up gradation** of the skill set through training and development in the face of high attrition. Indian companies are recognizing their responsibilities to enhance the employee's opportunity to develop skills and abilities for full performance within the position and for career advancement.

1.12 Summary

HRM is the study of activities regarding people working in an organization. It is a managerial function that tries to match an organization's needs to the skills and abilities of its employees. HRM is the personnel function which is concerned with procurement, development, compensation, integration and maintenance of the personnel of an organization for the purpose of contributing towards the accomplishments of the organization's objectives. Therefore, personnel management is the planning, organizing, directing, and controlling of the performance of those operative functions

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

The evolution of HRM can be traced back to Kautilya Artha Shastra where he recommends that government must take active interest in public and private enterprise. He says that government must provide a proper procedure for regulating employee and employee relation.

1.13 Keywords

Management : The responsibility for and control of a company or organization.
Employee : A person employed for wages or salary, especially at non-executive level.
Recruitment : The action of finding new people to join an organization or support a cause.
Staffing : Staffing is the process of finding the right worker with appropriate qualifications or experience and recruiting them to fill a job position

1.14 Self Assessment Questions

1. Define and explain the Nature of HRM ?
2. Describe the features of HRM ?

3. Discuss in detail the functions of HRM ?
4. Explain the importance of HRM ?

1.15 Further Readings

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LESSON - 2

POLICIES AND PROCEDURES OF HRM

Objective

After Studying this lesson, the students are able to understand.

- Human Resource Policies
- Need For a HR Policy
- Features of a Sound HR Policy
- Aims and objective of Personnel Policies
- Principles of HR Policy
- Types of HR Policies
- Steps in Design the Policy
- Human Source Information System (HRIS)
- Purpose of HRIS
- Capabilities of HRIS
- Steps in Implementing HRIS
- HRM Policies, Procedures and Programs

Structure

- 2.1 Human Resource Policies
- 2.2 Need for a HR Policy
- 2.3 Features of a Sound HR Policy
- 2.4 Aims and objective of Personnel Policies
- 2.5 Principles of HR Policy
- 2.6 Types of HR Policies
- 2.7 Steps in Design the Policy
- 2.8 Elements of HR Policy
- 2.9 Human Source Information System (HRIS)
- 2.10 Purpose of HRIS
- 2.11 Applications of HRIS
- 2.12 Capabilities of HRIS
- 2.13 Steps in Implementing HRIS
- 2.14 HRM Policies, Procedures and Programs
- 2.15 Summary
- 2.16 Keywords
- 2.17 Self Assessment Questions
- 2.18 Further Readings

2.1 HUMAN RESOURCE POLICIES

- Predetermined established guideline towards the attainment of accepted goals and objectives.
- Guidelines facilitate properly designed efforts to accomplish the strategic intent.

-A **policy** is a man-made rule of pre-determined course of action that is established to guide the performance of work toward the organisation objectives. It is a type of standing plan that serves to guide subordinates in the execution of their tasks.

Objectives	Programmes	Procedure
Specific goals, aims , Quantitative terms which the Individual or group seeks to accomplish (Policy is the guide to accomplish)	It is developed on policies – simply the decisions – leads to specific action including practices and procedures.	Procedure defines the manner or way of accomplishing - It is process or method.

Policy Differentiated from Objectives , Programmes and Procedure

Flippo definition of policy – *is the man made rule of pre determined course of action that is established to guide the performance of work toward the organization objectives.* Yoder

– *A policy is a pre determined, selected course established as a guide towards accepted goals and objectives. They establish the framework of guiding principles that facilitate delegation to lower levels and permit individual managers to select appropriate tactics or programmes.*

– *Personnel Policies are those that individual have developed to keep them on track towards their personnel objectives.*

Personnel Policies refer to principles and rules to conduct which “Formulate, redefine, break into details and decide a number of actions ” that govern the relationship with employees in the attainment of organizational objectives.

Personnel Policies are

- Key stone in the arch of the management
- Life blood for the successful functioning of the personnel management.
- Statement of intentions
- Positive declaration and command to an organization.

2.2 Need for a HR Policy

- Avoid unintended obligations
- Legal requirements
- Employment at will, contractual status
- Defense of claims
- Helps avoid union organizing
- Risk management
- Time saver

2.3 Features of a sound HR Policy

- Definite, positive, clear and easy to understand
- Written
- Reasonable stable
- Supplementary to all other policies of the orgn and the public policy.
- Recognition and individual relationship between the mgmt and the employees
- Based on the facts
- Provide two way communication
- Supported by the mgmt, employees and the union

- Progressive
- Measurable
- Uniform for the entire organization
- Practically applicable

2.4 Aims and objective of Personnel polices

- Enable the orgn to carry out the main objectives
- Awareness of items in policies and to secure the co operation
- Sense of unity with the enterprise
- Provide competent , adequate and trained personnel for all levels and types of management
- To protect the common interest of all parties
- Recognize the role trade unions in the organization.
- Efficient consultative service.
- Management leadership
- Delegating the human relations
- Co operative understanding
- Security of employment
- Opportunity for growth
- Payment of fair and adequate wages
- To recognize the work and accomplishments
- To create the sense of responsibility.

2.5 Principles of HR policy

- Right man in the right place
- Train everyone for the job to be done
- Make the orgn a coordinated team
- SS the right tools and right conditions of work
- Give security with opportunity , incentive , recognition
- Look ahead, plan head for more and better things.

2.6 Types of HR Policies

- Functional vs centralized policy
- Functional -Different categories of personnel
- Centralized - Common throughout the orgn
- Minor vs Major
- Minor - Relationship in a segment of an organization , with considerable emphasis on details and procedures.
- Major - Overall objectives, procedures and control which affect an organization as whole.

Specific Policies

- Hiring 0 factors like reservation , martial status,
- Terms and conditions - compensation policy , hours of work, overtime , promotion , transfer, etc
- Medical assistance - sickness benefits
- Housing, transport, and other allowances.

- Training and development
- Industrial relations

Coverage of HR Policies

- Travel Pay
- Work Records
- Temporary & Casual
- Appointments
- Workweek & Pay Periods
- Compensation
- Employee Discipline
- Pay bands
- Pay Advances
- Sick Leave
- Voting
- Worker's Compensation
- Labor Relations
- Probation
- Grievance Procedure
- Ethical Conduct
- Sick
- Salary Administration
- Relocation Pay
- Payroll Deductions
- Rates of Pay for New Employees
- Terminating Employees
- Layoff
- Performance
- Career Development
- Workshops and Seminars
- Family Health Leave
- Holidays
- Vacation
- Leaves of Absence Without Pay
- Personal Leave
- Orientation
- Vacancies
- Employment Offers
- References
- Interviewing
- Candidate Testing
- Transfers
- Consultants and Contractors
- Recruitment Advertising
- Continuous Service

- Retirement Plan
- Accidental Insurance

Why to adopt Policies

Following are the benefits of adopting the policies by the organization

- Complete thought of the basic needs of both organization and employees
- Established policies ensure consistent treatment of all personnel treatment throughout the organization
- Policy promotes stability – continuity of action
- It serve as a standard of performance
- Helps to build employee motivation and loyalty
- Helps to resolve interpersonal or intrapersonal and intergroup conflicts.

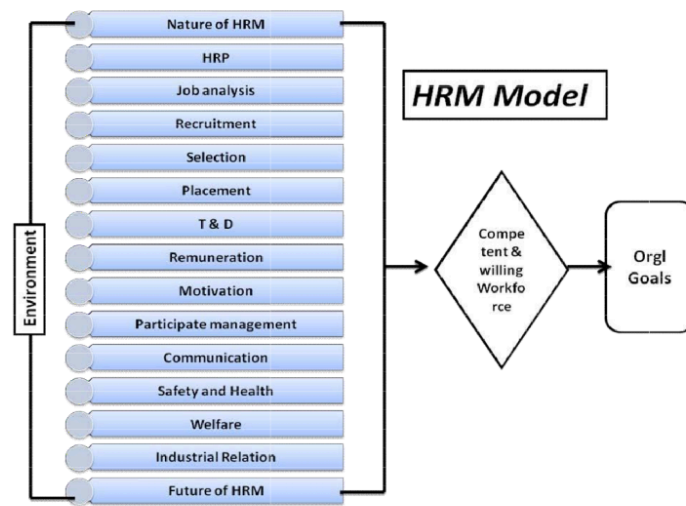
Formulating Policies

Five principle source for determining the content and meaning of policies

- Past practice
- Prevailing practice in the rival companies
- Attitudes and philosophies of the founders (Top level Management
- Attitudes and philosophies of middle level management.
- Knowledge and experience from handling personnel problems

2.7 Steps in design the Policy

1. Initiate a policy
2. Uncovering the facts by personnel department
3. Recommending a policy to top management
4. Put the policy in writing
5. Explaining and discussing the proposed policy with members
6. Adopting and launching it
7. Communicating it to employees to all levels
8. Administering it
9. Initiating a follow up
10. Evaluating it
11. Restating or Reformulating the policy



2.8 Elements of HR Policy

- History of Company's Growth
- Employment practice and condition of employment
- Grievance of redressal procedure
- Safety rules and regulation
- Mutuality of interest and need for co operation
- Employee financial aids
- Educational Opportunities
- Employees news sheet and house journal
- Company policy
 - Collective bargaining
- Procedures of disseminating information on company policies
- Maintenance of discipline & Public Relations
- Employees news sheet and house journal

2.9 Human source Information System (HRIS)

- Acquisition , storage and retrieval of information is a significant challenge to the management

- Human Resource Information System is a systematic way of storing data and information for each individual employee to aid planning, decision making and submitting of returns and reports to the external agencies.

2.10 Purpose of HRIS

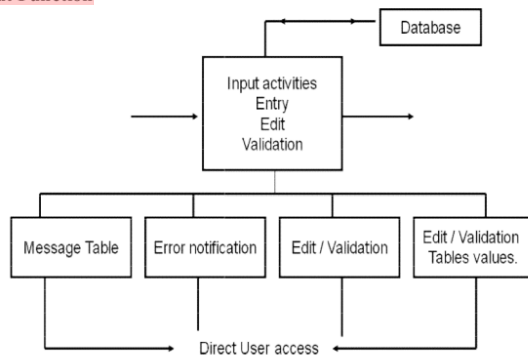
- Storing information and data for each individual employee for future references
- Providing basis for planning, Organizing, Decision Making, Controlling and other Human resources function.
- Meeting daily transactional requirements- marking present / absent, and granting leave.
- Supply data and submitting returns to government and other statutory agencies

2.11 Applications of HRIS

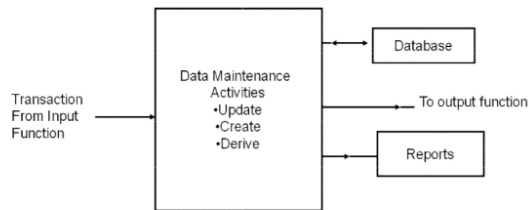
- Personnel Administration
- Salary Administration
- Leave / absence recording
- Skill Inventory
- Medical History
- Accident Monitoring
- Performance Appraisal
- Training and Development
- HRP
- Recruitment
- Career Planning
- Collective Bargaining

2.12 Capabilities of HRIS

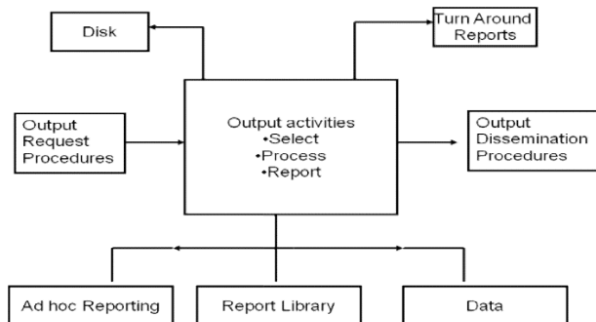
Input Function



Data Maintenance Function



Output function



2.13 Steps in Implementing HRIS

- Inception of Data
- Originator of the idea should prepare a report showing the need for an HRIS and benefits of this system towards the development of the organisation.
- Feasibility Study
- It evaluates the Present system , details and benefits of HRIS .
- It calculates the cost and benefits of HRIS
- Selecting a project team
- Once the feasibility study has been accepted the resources are allocated
- Project team is selected
- HR representative, Representatives from both management , information systems & additional clerical people from HR department.
- Defining the requirements
- Statement of requirements specifies in detail exactly what HRIS will do.
- It is the written descriptions of how users collect and prepare data, obtain approvals , complete forms, retrieve data and perform other non technical tasks associated with HRIS use.

- Vendor analysis
- This step determines what software and hardware are available that will best meet the organisation needs for the lowest price.
- The result of this analysis will determine whether to purchase an -off the shelf package or develop the system internally
- Contract Negotiations
- Vendor has to selected and the contract must be negotiated. The contract stipulates the vendor's responsibilities with regard to software, installation, service, maintenance, training and Documentation.
- Training

Members of the project team are trained to use HRIS. HR representative will train managers from other department in how to submit information to HRIS and how to request information from it.

- Tailoring the system
- This step involves making changes to the system to best fit the needs of organisation.
- A general rule of thumb is to modify the vendor package, because of modifications frequently cause problems
- Collecting data
- Data must be collected and stored in the system
- Testing system
- Once the system is tailored to the organisationa needs and data is entered, a period of testing follows
- The purpose of this testing is to verify the output
- All reports are analysed for accuracy.
- Starting up
- Start up begins when all current actions are put into the system and reports are produced
- Running in parallel
- It is desirable to run the system in parallel with the old system for a period of time.
- This allows for comparison of outputs both the system and examination for inaccuracies
- Maintenance
- It normally takes several weeks and months for the employees to feel comfortable with the system. During the stabilization period any remaining errors and adjustments should be handled.
- Evaluation
- HRIS has been in plea for a reasonable length of time
- The system has to be evaluated
- To check the efficiency whether the system is beneficial and properly used by the organization

Benefits

- Higher speed of retrieval of information
- Reduction in duplication
- Ease in classifying and reclassifying
- Effective decision making
- Higher accuracy of information

- Fast response of quires
- Improve quality of people
- Better work culture
- Systematic procedures
- Transparency

Limitations

- Expensive – finance – manpower requirements
- Large scale computer literacy – inconvenient and threatening
- Personnel designing do not have the thorough information of the users- user do not get the exact reports.
- Quality of response depends on the accuracy of the input – human intervention.
- Multi user environment – system is operated in batch mode – records are updated once a week – online facility has to be developed – report generated should not be out of phase with the realities.

2.14 HRM policies, procedures and programs

Definition of HRM Policy

Each and every organization has laid down HRM policy depending upon their business activities and policy followed by their competitors. There is no hard and fast rule that certain organization has to follow a particular policy.

A policy is a plan of action. Brewster and Rich bell defined HRM policies as, a set of proposals and actions that act as a reference point for managers in their dealings with employees. Personnel policies constitute guides to action. They furnish the general standards or bases on which decisions are reached. Their genesis lies in an organization's values, philosophy, concepts and principles. Personnel policies guide the course of action intended to accomplish personnel objectives. The following example helps to understand the personnel policy clearly.

Example: One of the personnel objectives of Indian Railways is to provide equal employment opportunities to the people of minority sections.

What is HRM Procedure?

Policies are general instructions whereas procedures are specific applications. A procedure is a well thought out course of action. It prescribes the specific manner in which a piece of work is to be done. Procedures are called as action guidelines. They are generally derived from policies. Where policies define a broad field, procedures show a sequence of activities within that area. The emphasis is on chronological, step-by-step sequence of required actions. For instance, a student is required to complete several itemized steps in order to register himself to complete several itemized steps in order to register himself for courses in a university. The basic purpose of a procedure is to spell out clearly the way one is to go about doing something.

The policy, referred to earlier, might be translated into action through the following procedure, given are a few examples:

Railway Policy

All zonal railways will fill 15% and 7.5% of their vacancies in Group C and Group D categories from the candidates belonging to Scheduled Castes and Scheduled Tribes

respectively. If suitable candidates are not available from these communities, the vacancies such as loco driver, signaling staff, station master will be filled by candidates belonging to other communities. In case of vacancies in other jobs, they should be filled only by the candidates belonging to scheduled castes and scheduled tribes in future. However, North-East Frontier Railway can fill even these vacancies by the candidates belonging to other communities, if the candidates from scheduled communities are not available. In case of jobs in Group A and B, candidates belonging to scheduled caste and scheduled tribes will be given preference if they are equally qualified and meritorious than those of other communities.

Another example of policy and procedure is as follows:

Pay Policy of Andhra Bank

The bank believes in paying at least the prevailing scale of salary for similar work in comparable organizations. The bank also believes in giving consideration to significant changes in the cost of living.

The procedures is -Fix the pay of clerks, cashiers, typists equal to the lowest pay given by any public sector in the country. Fix the pay of officers according to the recommendations of the Pillai Committee.

TATA Steels Personnel Policy

The personnel policy of Tata Steel, as contained in the Statement of Objectives, is given below. The Company tries to take care of its employees

* By a realistic and generous understanding and acceptance of their needs and rights and enlightened awareness of the social problems of industry.

* By providing adequate wages, good working conditions, job security, an effective machinery for redressal of grievances and suitable opportunities for promotion and self-development through in-company and external programs.

* By treating them as individual, giving them a sense of self-respect and better understanding of their role in the organization and satisfying their urge for self-expression through closer association with management.

* By creating a sense of belonging through human and purposeful activities in an integral part of human relations ensuring their willing co-operations and loyalty Further, personnel rules and programs help in translating procedures into concrete action. Personal rule spells out specific required action or non-action allowing no discretion. For example:

Paying bonus of 8.33% of the salary (consisting of pay plus dearness allowance) on March 31, 1998 to all the confirmed employees who had completed minimum one year of continuous service as on March 31, 1998.

Personnel programs are complex sets of goals, policies, procedures, rules steps to be taken, resources to be employed, and other elements necessary to carry out a given course of action. It can be said that rules and programs are aids to policy.

The aforesaid write up on HRM policy helps the managers to take administrative and

disciplinary actions and also make the employees feel that the management's treatment is rational and they are getting adequate compensation for their work along with proper growth. No doubt the policy may be modified as and when required to suit the changes in business environment which the organization has to follow to survive competition. Consequently the procedures and rules follow the changes in the HRM policy.

2.15 Summary

A policy is a plan of action. Brewster and Rich bell defined HRM policies as, a set of proposals and actions that act as a reference point for managers in their dealings with employee. Personnel policies constitute guides to action. They furnish the general standards on which decisions are reached.

- Storing information and data for each individual employee for future references
- Providing basis for planning, Organizing, Decision Making, Controlling and other Human resources function.
- Meeting daily transactional requirements- marking present / absent, and granting leave.
- Supply data and submitting returns to government and other statutory agencies

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2.16 Keywords

HR Policies : Continuing guidelines on the approach of which an organization intends to adopt in managing its people

HR Forecast : An attempt to predict an organization's future demand for employees.

Downsizing : Refers to the permanent reduction of a company's workforce.

2.17 Self Assessment Questions

1. Define and explain the Need for HR Policy ?
2. Explain the feature HR Policy ?
3. Discuss the Elements Of HR Policy?
4. Explain the Steps In Implementing HRIS?

2.18 Further Readings

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LESSON - 3

INTERNAL - EXTERNAL ENVIRONMENT

Objective

After Studying this lesson, the students are able to understand.

- Internal Environment
- External Environment
- External Factors that Affect Human Resource Management
- Impact of Internal And External Environment on Human Resource Management

Structure

- 3.1 Introduction to Human Resource Environment
- 3.2 Need to Study HR Environment
- 3.3 Internal Environment
- 3.4 External Environment
- 3.5 External Factors that Affect Human Resource Management
- 3.6 Impact of Internal And External Environment on Human Resource Management
- 3.7 Summary
- 3.8 Keywords
- 3.9 Self Assessment Questions
- 3.10 Further Readings

3.1 Introduction to Human Resource Environment

Within HR scenario, the business environment have focus some new aspects and avenues with some changing values. Presently the people become the most valuable asset of the industry and there is required to get new talented and technological based persons.

The entire social as well as business environment duly effect to the HR concepts, practices and performance in a wide range of operations. Comprehensively the social environment have a wide scope to influence and direct to HR scenario within economic and industrial areas.

The Human Resource Environment is a part of social environment which includes the concept, viewpoints, work culture, attitudes, efficiency, skills, productivity, nature and behaviour of HR, employees' demand and supply, motivational aspects, compensation methods and industrial relation concerning of HR practices.

With the growing and integrated role and perception of social and human resource environmental factors, there is a transformation process was emerged for the last two decades. The shift from manual process to machinery process, from unskilled employees to the skilled employees, from manufacturing economy to a service economy, from machine age to the autocratic age have been accompanied by many transformations.

3.2 Need to Study HR Environment

Within the globalised economy, there are several significant environmental trends and changes faced by HR managers and employees that pose major challenges. Here, there is need to study the HR environment in order to make proper awareness in HR practices, to raise skills and efficiency, to uplift HR productivity and to overcome the problems and challenges.

The aspects as well as factors to be responsible to study the human resource environment are as given here:

1. In order to create and develop intellectual capabilities among employees, there is need to develop the learning and knowledge attitudes among employees.
2. In order to determine and prepare social values, ethical norms and several code of conducts within the purview of employees.
3. In order to analyse and implement effectively and perceptively the business and labour laws and provisions.
4. For strengthen and develop the work plan for productive and constructive activities by the Employees.
5. In order to make congenial and harmonious work-culture at work places, there is need to analyse all the relevant aspects as arising out of environmental studies.
6. In order to solve and overcome different societal issues, evils and conflicts, there is need to analyse the social environment.
7. For managing and organising the mechanical and technological advancement as well as new and innovative methods at the work place.
8. In order to take sound, rational and comprehensive decision making invariably relating to HR practices.
9. In order to determine long term strategies for different internal and external aspects of HRM as well as to develop HR efficacies.
10. In order to study, analyse and develop the personal skills and efficiency, there is a need to study HR environment.

3.3 Human Resource Environment – Two Major Factors : External and Internal Forces

Environment is an important element in the HRM model and therefore, it is necessary know what the environment is and how it influences HR functions in an organization. Environment consists of all those factors which have their bearing on the functioning of the HR department.

These forces are divided into external factors and internal factors. External factor include political and legal, technological, economic and cultural whereas internal factors include unions, organisational culture and conflicts and professional bodies. Analysis of the environment is essential for the HR manager and his/her team in order to be proactive to the environment and not reactive to the environment.

3.4 Internal Environment

These are the forces internal to an organisation. Internal forces have profound influence on HR functions. The internal environment of HRM consists of unions, organizational culture and conflict, professional bodies, organisational objectives, policies, etc. A brief mention of these follows.

Unions:

Trade unions are formed to safeguard the interest of its members/workers. HR activities like recruitment, selection, training, compensation, industrial relations and separations are carried out in consultation with trade union leaders.

Organisational Culture and Conflict:

As individuals have personality, organizations have cultures. Each organisation has its own culture that distinguishes one organisation from another. Culture may be understood as sharing of some core values or beliefs by the members of the organisation “Value for time” are the culture of Reliance Industries Limited. The culture of Tata conglomerate is “get the best people and set them free”.

HR practices need to be implemented that best fit the organisation's culture. There is often conflict between organizational culture and employee's attitude. Conflict usually surfaces because of dualities such as personal goal vs. organisational goal, discipline vs. autonomy, rights vs. duties, etc. Such conflicts have their bearings on HR activities in an organisation.

Professional Bodies:

Like other professional bodies, the NIPM as the HR professional body regulates the functions of HR practitioners in India. For this the NIPM in of ethics which the HR practitioners are expected to declare their allegiance to the code. Thus, professional bodies also influence HR functions of an organization.

3.5 External Environment

External environment includes forces like economic, political, technological, demographic etc. these exert considerable influence on HRM. Each of these external forces is examined here.

Economic:

Economic forces include growth rate and strategy, industrial production, national and per capita incomes, money and capital markets, competitions, industrial labour and globalisation. All these forces have significant influence on wage and salary levels. Growing unemployment and reservation in employment also affect the choice for recruitment and selection of employees in organisations.

Political:

Political environment covers the impact of political institutions on HRM practices. For example, democratic political system increases the expectations of workers for their well being.

The total political environment is composed of three institutions:

1. Legislature:

This is called Parliament at the central level and Assembly at the state level. A plethora of labour laws are enacted by the legislature to regulate working conditions and employment relations.

2. Executive:

It is the Government that implements the law. In other words, the legislature decides and the executive acts.

3. Judiciary:

This is like a watchdog above the two. It ensures that both the legislature and the executive work within the confines of the constitution and also in the overall interest of the people. These affect, in one way or the other, all HR activities from planning to placement to training to retention and maintenance.

Technological:

Technology is a systematic application of organised knowledge to practical tasks.

Technological advances affect the HR functions in more than one way:

First, technology makes the job more intellectual or upgraded.

Second, it renders workers dislocated if they do not equip themselves to the job.

Third, job becomes challenging for the employees who cope with the requirements of technology. Fourth, technology reduces human interaction at the work place. Finally job-holders become highly professionalized and knowledgeable in the job they perform.

Demographic:

Demographic variables include sex, age, literacy, mobility, etc. Modern work force is characterized by literate, women and scheduled caste and scheduled tribes workers. Now, workers are called knowledge workers' and the organisations wherein they work are called 'knowledge organisations'.

As such, the traditional line of distinction between manual and non-manual workers is getting blurred. Employees are demanding parity in remuneration and responsibility among various categories and levels of employees.

3.6 External Factors that Affect Human Resource Management

When it comes to human resource management there are several factors that affect day-to-day operations. Adapting in this field is important because at a moment's notice new legislation can be passed with an immediate effective date or corporate policies are changed where human resources feel the brunt. A well-developed strategy for your human resources department takes into consideration external factors that might affect your department.

Government Regulations – With the introduction of new workplace compliance standards your human resources department is constantly under pressure to stay within the law. These types of regulations influence every process of the HR department, including hiring, training, compensation, termination, and much more. Without adhering to such regulations a company can be fined extensively which if it was bad enough could cause the company to shut down.

Economic Conditions – One of the biggest external influences is the shape of the current economy. Not only does it affect the talent pool, but it might affect your ability to hire anyone at all. One of the biggest ways to prepare against economic conditions is to not only know what's happening in the world around you, but also create a plan for when there is an economic downturn. All companies can make due in a bad economy if they have a rainy day fund or plan to combat the harsh environment.

Technological Advancements – This is considered an external influence because when new technologies are introduced the HR department can start looking at how to downsize and look for ways to save money. A job that used to take 2-4 people could be cut to one done by a single person. Technology is revolutionizing the way we do business and not just from a consumer standpoint, but from an internal cost-savings way.

Workforce Demographics – As an older generation retires and a new generation enters the workforce the human resources department must look for ways to attract this new set of candidates. They must hire in a different way and offer different types of compensation packages that work for this younger generation. At the same time, they must offer a work

environment confusive to how this generation works.

Those involved in human resource management does more than hiring and firing, they make sure that every type of external influence is listened to and proper procedures are followed to avoid lawsuits and sanctions. If you're in HR make sure that you're paying close attention to external influences because there is a good chance they're affecting your job and the company you work for. So next time you talk to someone involved in the human resource management process think twice about the amount of factors that affect their job and how important it is for them to be on top of their game.

3.7 Impact of Internal And External Environment on Human Resource Management

Introduction

Human resource management is a practice that manages people in an organization. Human resource practices Impact Of Internal And External Environment On Human Resource Management have evolved and developed over a long time into what it is today. This evolution has been attributed to environmental factors and the need to utilize labor, as a factor of production. Dynamic organizational environment has resulted into the improvement of delivery processes to increase the ability to manage people. The more advanced the personnel management techniques are, the more effective the production process will be. This helps maintain a competent staff to improve service delivery.

Guest model

This model was developed in 1989 and has dimensions of human resource management which include strategies, practices, behavior, performance and financial outcomes. It uses strategic management to assume that human resource management is different from personnel management. Fundamentals of human resource management relate directly to valued consequences of the organization. Guest admits that it is actually difficult to prove the assumption that commitment leads to high performance. This model explains that employee behavior is directly related to commitment into achieving strategic goals. A healthy relationship between an individual and the organization is an advantage to the performance of the organization.

Warwick model

This model was developed by Pettigrew and Hendry in 1990 to focus on the European management systems. It constitutes of five interconnected elements that analyse the impact of external factors on organizational operations focusing on organizational thinking. This model determines how external and internal environments of an organization contribute to an increase in organizational performance. Human resource management is an umbrella under which several tasks fall emphasizing on strategic function. Developers of this model were of the opinion that proper structuring and strategic policing in larger organizations are some of HRM essentials. Pettigrew and Hendry added that human resource management was an umbrella that covered changes to provide a reaction to challenges based on attitudes, direction and coherence of personnel.

HRM need to examine its environment in order to know what is trending and how changes will impact on their organization. HRM should change with rapid business changes in order to have an edge. Today's businesses are surrounded by macro and micro environment that demand them to rethink their strategies. Organizations are making efforts to survive in the current decentralized structure. It is always evident that the surrounding environment impacts

on the organization and for this reason, there is need to critically analyze both the external and internal environments in order to make proper adjustments and operate effectively.

The Internal Environment

According to Kotler and Armstrong the internal environment that affect human resource practitioners comprises of customers, consumers, suppliers, compensation, new entrants and competitors. HRM professionals should analyze their internal environments for the following reasons:

Compensation

The amount of compensation a business offers draws employees to an organization or keeps them away. In an economy characterized by high unemployment rate and many qualified individuals, compensation should be low. When there is a small number of a candidate, HRM should attract them by increasing compensation in order for the company not to lose them to competitors. A survey of compensation structure of an industry will help a company have competitive offers in order to gain a competitive advantage over others in terms of attracting and retaining employees. However, the offer should not be too high in such a way that they bring losses to the company. Experienced staff should be given more compensation than recently recruited graduates in the same job category.

Employees Relations

Human resource activities must consider several factors like training their staff before promoting them when their recruitment policies are based on internal promotion. They should monitor retiring employees so that replacement arrangements are made in time. According to Purcell and Boxall human resource department should be able to manage employee relations within the firm.

Customers' satisfaction

Change in customer preferences need to be taken into account since this affects service delivery. HRM should hire employees who have the consumers' interest at heart. Continuous training and retraining is important in order to increase performance hence satisfaction.

New entrants

These are businesses entering into an industry. New entrants offer competitive salaries that attract employees. HRM should analyze their industry in order to know new entrants. This will help them have strategies aimed at retaining in order prevent them from being poached by the new entrants.

Competition

The degree of competition affects HRM's power to recruit workers who can meet a company's standards. Experienced workers always want to work in reputable organizations. Small organizations with a lower brand image have to invest their resources in getting qualified people to work for the organization. In this case, HRM will have to advance its recruitment procedures and attend trade union fairs in order to advertise the company and draw applicants closer. It is also important to have structures put in place to retain employees in a business environment characterized with cut throat competition

The External Environment

The external environment that can affect any business operation can be summarized as PESTEL (political, economic, social, technological, environmental and legislative factors).

PESTEL changes are continuously impacting on human resource policies. These factors affect the internal operations regardless of the fact that they are outside the organization. The reasons why these factors should be understood by the HR practitioners are:

The intensity of intervention by the government will alter how a company operates. Political factors include government funding, initiatives and grants. Political instability, taxation and relationship with other governments, impact directly on human resource practices. Therefore, it is important to check this factor prior to establishing an operation.

Economic factors are such as inflation, unemployment, exchange rates, interest rates, rate of economic development, government and consumer spending. Higher interest rates hinder investment as this raises the cost of borrowing. Inflation in commodity prices may make employees demand more money as salaries and this will in turn raise operational cost of the company. An increase in disposable income will as well create a broad market for the products manufactured by the company.

Religion, lifestyle, ethics, demographics, education and culture are some of the social factors that affect the business operations. Any change in these factors will have a greater influence in demand for products and the availability of workforce willing to labor for the company. Understanding the surrounding culture helps HRM put in place a culture that blends with its environment. An aging population will demand pension benefits from related firms. An example is in the UK, where staffs live longer due to their longer lifespan. Societal changes have made more women be involved in the workforce as there is less physical power involvement. Social changes affect organizational culture and have enabled organizations embrace cultural differences. HR practitioners need to keep abreast of social changes in order to fully understand their employees.

Technologically, research, purchasing power, technological innovation and intellectual capacity affect HR operations. Any change in technology creates a need to restructure human resource structure and policies. Technology has found its way into business operations such as marketing and selling through online shopping and computer designs to alter how business functions are carried out. Today, recruitment and selection processes can easily be done on an online platform. Human resource management creates online portal to increase efficiency in these processes. This has eliminated the cost of advertising vacancies as candidates visit websites to find vacancies.

Environmental factors include climate change, pollution and recycling. Global warming experienced in today's world has greatly affected companies. Climatic factors should be considered before making international business expansion.

Legal factors like health, trading, competition and regulations from legal firms directly affect a business. In the recent past, United Kingdom has witnessed noticeable legal changes in relation to age and disability discrimination. HRM must operate within the law and stay updated on legal changes. Legislative factors determine the grievances HRM has to address.

3.8 Summary

In simple words, environment comprises all those forces which have their bearing on the functioning of various activities including human resource activities. Environment scanning helps HR manager become proactive to the environment which is characterised by change and

intense competition. Human resource management is performed in two types of environments- internal and external.

When it comes to human resource management there are several factors that affect day-to-day operations. Adapting in this field is important because at a moments notice new legislation can be passed with an immediate effective date or corporate policies are changed where human resources feels the brunt. A well-developed strategy for your human resources department takes into consider external factors that might affect your department.

3.9 Keywords

Human Resource Environment: Is a part of social environment which includes the concept, viewpoints, work culture, attitudes, efficiency, skills, industrial relation concerning of HR practices.

Competition : The activity or condition of striving to gain or win something by defeating or establishing superiority over others.

Strategy : A plan of action designed to achieve a long-term or overall aim.

3.10 Self Assessment Questions

1. Define and explain the Internal Environment ?
2. Explain the feature External Environment ?
3. Discuss the External Factors that Affect Human Resource Management ?
4. Explain the Impact of Internal And External Environment on Human Resource Management?

3.11 Further Readings

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LESSON – 4

EMERGING TRENDS IN HRM

Objective

- Emerging Trends in Human Resource Management
- The Recent Trends in Human Resource Management

Structure

- 4.1 HR trends that are leading to evolution of work culture in India
- 4.2 Emerging Trends in Human Resource Management
- 4.3 The Recent Trends in Human Resource Management
- 4.4 Summary
- 4.5 Keywords
- 4.6 Self Assessment Questions
- 4.7 Further Readings

4.1 HR trends that are leading to evolution of work culture in India

With the professional world evolving continuously, companies need to develop their existing HR practices to stay relevant. As the millennials make up the maximum proportion of the workforce and remote working emerges as the norm, HR professionals need to embrace these changes.

Companies must emphasise adapting advanced HR technologies, leverage them to their advantage, strengthen workforce abilities, ensure data security, and improve employee experiences.

As remote work offered many perks and benefits for businesses, it also posed specific challenges that HR managers and professionals addressed with digital infrastructure and other programs for enhancing employee productivity. As we move forward, many new developments will change the professional landscape, bringing in more structured guidelines and robust infrastructure. Here are the major HR trends expected to impact the industry in 2021:

1. Flexibility in work

The multinational shutdowns globally gave employees a unique opportunity to experiment with remote work, testing their capability of adopting it. Remote work isn't a novel concept, and it existed in pre-Covid times, but the scale on which it got adopted during the worldwide lockdown was unprecedented. Working from home also helped employees gain a perspective on the flexibility that this arrangement offers.

Flexible work involves home-based work and even options like flex time, part-time work, job sharing, etc. For HR professionals, flexible work arrangements mean more chances of attracting and retaining talent, creating a competitive marketplace, greater employee engagement, higher diversity in the workplace, etc.

2. Increasing role of digital technologies

A key focus for organisations will be to continue the intelligent deployment of technology to further boost the ongoing digital transformation across industries. The outbreak of the pandemic jolted organisations, forcing them to switch to remote work and digitise their services, which helped many businesses leapfrog much ahead on their respective digital journeys. Technology will

play a huge role in managing the distributed workforces in the coming times

3. More focus on mental well-being

Though physical health has always been in the limelight, mental health is finally getting its due attention. Organisations have realised that physical and mental health work in tandem, and both are equally necessary to live a truly healthy life. Employers and employees both are finding ways to take good care of mental health in the work sphere.

This positive trend needs to be leveraged by HR managers and professionals to bolster their employees' mental well-being.

4. Rise of hybrid offices

We are approaching an era of hybrid workplaces wherein companies are looking to introduce flexible working days to choose between on-site or remote work. Under this arrangement, companies have three options: to go partially remote, wherein half of the workforce works from home, while the rest works from the office, opt for variable work hours or days to enable employees to manage their workflow and work for some time out of the office, and finally work out of co-working spaces wherein employees book workspaces in advance on days they decide to work on-site.

5. Employee upskilling

The lockdowns led to furloughs, laying off, a high number of sick leaves, and mass-scale transition to remote work. To stay agile and adapt themselves to external market challenges, companies will implement upskilling programs and initiatives to help their workforce remain competitive in the job market. With upskilling initiatives, HR professionals can retain employees, boost their morale and reduce costs on recruitment and on boarding.

The pandemic drastically disrupted the methods that HR professionals use for delivering the employee experience. Transitions brought about in the workplace by Covid-19 have posed several challenges for the HR teams, which were tough to manage earlier. However, they are ready to conquer those challenges in the post-pandemic world with the innovations and development in digital infrastructure.

4.2 Emerging Trends in Human Resource Management

HR professionals have faced more challenges in the last few years than ever before. Recession, competition, technology are impacting workforce and a flexibility to change is becoming the mantra of today's HR strategy. Following are some trends that we've observed.

Data analytics have become a mainstay

As we enter a new economic reality and, in turn, a new reality in the labor market, the ways in which people-related data are utilized will be critical to mitigating risk, creating business capability and driving outcomes such as customer satisfaction and sales. Today's HR analytics tools not only enable managers to gain insights on current workforce performance, costs and services, but to also model "what if" scenarios to anticipate changes in business. Today data analytics plays a key role in every aspect of HR from recruitment, onboarding, employee engagement and workforce productivity to offboarding.

Shift to Electronic Onboarding

Onboarding of new hires will no longer be paper-based. Electronic onboarding solutions are now increasingly popular with their easy to handle user interface and workflows. HR onboarding software helps you achieve a paperless workflow and filing system. Onboarding process has been simplified by integrating technology with the use of electronic I-9 forms, E-verify and Digital Signatures. Employee onboarding software will reduce manual paperwork and remove redundancy when collecting data from new employees during the hiring process.

The impact of technology

Technology has pervaded the way we manage workforce. Cloud-based software and mobile apps are available for every aspect of HR, including finding job candidates, keeping tabs on field-service crews, running payroll and managing the entire department. The use of web-based HR systems is on the rise which enables you to manage multiple worksites from a single location. Geographical boundaries are no longer a constraint as technology enables you to reach the farthest locations with ease. Another impact of technology is the influence of social media. Increasingly employers are resorting to this mode of communication for branding, marketing, recruiting as well as background screening. Data privacy and authenticity are just some issues that come along with using social networks. Gone are the days when an employee is booked for stealing stationary, now the trend is towards identity theft and technology has brought a totally different set of problems such as vulnerability to hacking among other issues.

Retention is the key

HR workforce and strategies are also going through a sea of change. The focus is now more on retaining employees rather than acquiring new talent. Accelerated learning programs, focused individual shorter term development and coaching for high potentials are some of the things that can be introduced in order to retain talent in your organization.

Increasing importance of work-life balance

What with layoffs, cost cutting and there is an increasing pressure on employees to perform and in some cases work overtime in order to make up for the decreased manpower and resources. Stress levels are on an all time high and awareness on importance of work-life balance is necessary to maintain a healthy workforce. Also there is an increasing blur on workplace and home life as reports, mails and official communication is now available on your mobile phones. Connectivity and networking are on an all time high and working on-the-go is seen more as a way of life than it was ten years ago.

Increasing cost of health care benefits

Health care benefits rank number one among benefits provided by an organization and increasing costs of health insurance and health care benefits is another trend that is here to stay. As employers struggle with rising healthcare costs, U.S. workers are being asked to shoulder the increase in the cost of health benefits on their own. Experts suggest one way to counter this trend is by improving choices of healthcare benefits thereby reducing costs.

Managing the millennial generation

The millennial generation are thriving at the workplace. Millennials are typically team-oriented, banding together to date and socialize rather than pairing off. They work well in groups, preferring this to individual endeavors. They're good multi-taskers, having juggled sports, school, and social interests. All Millennials have one thing in common – they are new in their jobs and need mentoring. The challenge of HR professionals would be to find the right mix to get Gen Xers and Millennials to work together.

4.3 The Recent Trends in Human Resource Management

We have witnessed a major recent trends in human resource management industry for the past few years.

If you look back, everything from the hiring process, people analytics to software systems has evolved.

Instead of just engaging the employees and giving an upper hand to their satisfaction level, today's trends are more inclined to enlighten the overall HR culture.

The HR department has moved far forward than just mere recruitment, benefits management, professional development and time and attendance.

Here let us have a look at some of the most recent trends in human resource management that can change the overall working scenario of a daily office.

1. Employee experience

More than the engagement of employees at workplace, the focus has shifted to employee experience. More than mere engagement, concentration is now given to enhancement of company culture, and performance management.

The main roles of the HR department now covers enhancing employee's journey map and giving a greater exposure to feedback tools, employee wellness apps, productivity tools and advanced communication tools.

Moreover, they are analyzing the employee data to address the need of staff and enhance productive office atmosphere. They can even use its possibilities to ease the implementation of the HR process and improve the employee's career.

2. Advanced people analytics

Companies have moved far ahead from just the back office data to utilizing the best of people analytics. Reporting through the dashboards has outdated in most of the companies and focus is more on predictive models.

Companies have moved far ahead from just the back office data to utilizing the best of people analytics. Reporting through the dashboards has outdated in most of the companies and focus is more on predictive models.

SAP Success Factors, ADP, Visier, Cornerstone and Oracle are among the most widely used HR tools to enhance the possibilities of HR sector to improve the overall effectiveness of employees.

Most of these tools come with advanced features like employee retention predictors. They can even help build strategies like making job moves to get higher performance.

3. Learning management systems

Despite the position of the employees or their experience, learning new skills is important to stay updated. That is why constant learning is now a novel trend in the HR sector. Providing learning opportunities to employees is the key for any company that is eyeing for progress.

An improved skill set can help employees to deliver their best at workplace that reflects in the overall productivity of the enterprise. Learning management systems are playing the crucial part in tracking the employees learning process and even to collaborate between various departments effectively.

4. Augmented reality

One can undoubtedly say that VR and AR are the key trends in today's HR market which offers an upper hand for learning market and performance support for organizational staff.

The simulation process is the highlighted feature that aids employees in preparing themselves to how to respond to real life situations.

It has a huge influence on proper recruitment process as candidates are given exposure to real-life work situation.

Moreover, there are options for candidates to take a virtual tour of the company and get an exposure to the organizational culture personally.

5. Productivity of HR process

Earlier the focus was covering the automation of areas like record keeping, performance appraisal, resume capture, interview and hiring, compensation and assessment.

However, the focus is now shifted to productivity of the overall HR process than just automating sections.

So significance is now given on the techniques to enhance productivity like quality people, considering people analytics, team-centric companies, and optimal usage of hired employees as well as agile workforce.

Now the key role will be to sort out employee's focus, engagement and burnouts and build strategies accordingly.

6. Digitized rewards and recognition

Receiving praise and recognition is the key to help employees to trigger their performance level and these are undoubtedly true motivators for most of them. However, the present trend has taken this a step forward as rewards and recognition is now becoming digitised.

Digital recognition is helping them excel one step higher and peer to peer recognition for their contribution through social media platforms is evidently improving their performance scale.

7. Online skill assessments

The trend of using online skill assessments is now seen in companies as it is proving effective as an optimal talent management tool.

It comes in the form of surveys, quizzes, tests, and exams that offers a platform for companies to learn what their employees actually know and even a chance for self assessment for employees.

8. Biometric time tracking and security

This is another recent trends in human resource management that offers a lot of room for minimizing attendance fraud risk by using biological markers to recognize employees. Companies are now using facial or iris recognition and fingerprint scanning.

Minimizing time theft through these means help companies to save their funds to a great extent. Employees are blocked from doing unwanted fraud actions outside the office hours as system access will be tracked. This additional layer of security also offers an advantage of tracking business property.

9. Enhanced employee engagement

When it comes to employee engagement, it has moved forward a lot from mere basic activities. The scenario is now digitized and employees are offered lots of wellness and fitness apps. The goal is to ensure proper work and life balance.

Building a sustainable workforce by balancing professional and personal lives helps them to be more productive and then end result will be a profitable enterprise. Companies are now taking initiatives to set up seminars and sessions like yoga, dietary counselling, and counselling on improved work-life balance.

10. Transformation of leadership

Unlike in the past, leadership is not always about leading a team or managing them. The digitalised world has put forward possibilities of networked organisations than bring more success than with just delegation of authority.

Individual employees are enabled to initiate leadership on their own and sometimes even without proper formal authority. The shift of leadership goals have changed from simply leading people to overall coordination of the ecosystem of work.

11. Targeted recruitment

One of the mostly discussed trends in HR sector is targeted recruitment which is processed through social media and cognitive assessment.

Companies are utilizing the possibilities of cognitive technologies that come in the form of predictive algorithms, natural language processing and self-learning.

At time of recruitment, they use tools that consider career experiences and skills to provide a fit score to see if the candidate matches the organizational requirements.

Moreover, reputation checks of organizations and their competitors are now easy with social listening that is possible in the form of public reviews.

12. Wearable Tech

Work place health can be monitored more systematically through this emerging HR trend. These wearable tech possibilities can make a huge impact on employees working on high pressure situations.

These devices are designed to track several features like heart rate, pupil dilation, body temperature, and similar areas. Management can analyze these points to get a deeper insight into stress and pain points of employees. They can reframe the strategies accordingly to improve their workplace experience.

13. Performance management

Unlike in the past when the performance was evaluated through monthly meetings or quarterly reviews, the present trend shows the shift of focus to real time feedback.

Apart from logistic benefits, this instant feedback can help managers to put up conversations about personal and professional development.

The real time open-dialogue conversations in fact help employees to benefit from constructive criticisms that give them a large room for improvement on the go.

VR can work closely with real time feedback for effective performance management and assessments.

Experts have advised not to react blindly to any of the emerging trends but to learn, understand and analyse it before applying to your particular business scenario.

As AI and technological advancements are emerging every day, we can expect even more dramatic changes in the HR trends in the near future, as well.

However, experts in the field are more or less sure that technology is not going to replace any of the jobs or HR department but it is sure to better the way how jobs are done.

4.4 Summary

HR professionals have faced more challenges in the last few years than ever before. Recession, competition, technology are impacting workforce and a flexibility to change is becoming the mantra of today's HR strategy. Following are some trends that we've observed.

We have witnessed a major recent trends in human resource management industry for the past few years. If you look back, everything from the hiring process, people analytics to software systems has evolved.

Instead of just engaging the employees and giving an upper hand to their satisfaction level, today's trends are more inclined to enlighten the overall HR culture.

4.5 Keywords

Management : The responsibility for and control of a company or organization.

Industry : Economic activity concerned with the processing of raw materials and manufacture of goods in factories.

Employees : A person employed for wages or salary, especially at non-executive level.

HR Culture : Is a member of the national HR Coach Network, an organisation of qualified Port Macquarie based Human Resources and Business Coaches that specialise in improved business performance through improved employee performance.

4.6 Self Assessment Questions

1.Explain the Emerging Trends in Human Resource Management?

2.Discuss The Recent Trends in Human Resource Management?

4.7 Further Readings

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LESSION - 5

INTRODUCTION TO HUMAN RESOURCE PLANNING

Objectives

After studying this lesson, the students are able to understand.

- Overview of Human Resource Planning. (HRP)
- HRP Process

Structure

- 1.1 Introduction and Definition of HRP
- 1.2 Importance of HRP
- 1.3 HRP Process
- 1.4 Approaches to HRP
- 1.5 Quantitative Aspects of Human Resource Planning
- 1.6 Benefits of HRP
- 1.7 Summary
- 1.8 Key Words
- 1.9 Self-Assessment Questions
- 1.10 Further Readings

1.1 Introduction and Definition of HRP

Human resource planning (HRP) is the continuous process of systematic planning ahead to achieve optimum use of an organization's most valuable asset quality employees. Human resources planning ensures the best fit between employees and jobs while avoiding manpower shortages or surpluses.

Human resource is the most important asset of an organization. Human resources planning are the important managerial function. It ensures the right type of people, in the right number, at the right time and place, who are trained and motivated to do the right kind of work at the right time, there is generally a shortage of suitable persons.

Definition Human Resource Planning:

According to E.W. Vetter, human resource planning is "the process by which a management determines how an organization should make from its current manpower position to its desired manpower position.

Need for Human Resource Planning

The need of HRP may arise because of the following reasons:

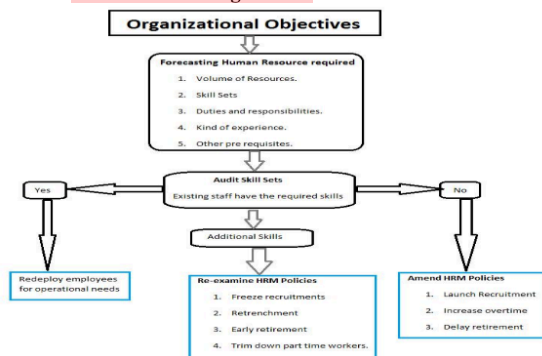
- In India, unemployment is a grave concern. Scarcity of manpower and that too with the required skill sets and competence, has given rise for need of Human Resource Planning.
- It comes handy for smooth and continuous supply of workers when a huge number of employees is retiring, or leaving the company or maybe they are incapable of working due to psychological or physical ailments.
- There is a need for Human Resource Planning when there is an increase in employee turnover, which is obvious. Some examples of this turnover are promotions, marriages, end of contract, etc.

- Technological changes lead to a chain of changes in the organization, right from skill sets product methods and administration techniques. These changes lead to an overall change in the number of employees required and with entirely different skill set. It is here that the Human Resource Planning helps the organization deal with the necessary changes.
- Human Resource Planning is required to meet the requirements of diversification and growth of a company.
- There is a need for Human Resource Planning in downsizing the resources when there is a shortage of manpower. Similarly, in case of excess resources, it helps in redeploying them in other projects of the company.

1.2 Importance of Human Resource Planning

- It gives the company the right kind of workforce at the right time frame and in right figures.
- In striking a balance between demand-for and supply-of resources, HRP helps in the optimum usage of resources and also in reducing the labor cost.
- Cautiously forecasting the future helps to supervise manpower in a better way, thus pitfalls can be avoided.
- It helps the organization to develop a succession plan for all its employees. In this way, it creates a way for internal promotions.
- It compels the organization to evaluate the weaknesses and strengths of personnel thereby making the management to take remedial measures.
- The organization as a whole is benefited when it comes to increase in productivity, profit, skills, etc., thus giving an edge over its competitors.

1.3 Human Resource Planning Process



In any Human Resource Planning model there are three key elements which the management should adhere to:

1. **Forecasting recruitment needs:** There are a number of ways in forecasting your business needs, to know the exact number of employees required to run the business. Factors to be

considered are the economic situation of any given country, internal and external factors of an organization and the demand for the products.

2. **Evaluate Supply:** In estimating this, there are two aspects, one is the evaluation of the internal resources and the other is the prospective or external resources. Among the two, external factors require extra care, these include education, unemployment rate and law that is in existence. Evaluating these factors very closely will help the organization in filling the right resources at the right time with the right skill set.
3. **Supply and demand balance:** This element of Human Resource Planning is very important, as striking a balance between these two forces will help the organization in understanding if there is shortage or excess of employees available in a particular group. It also helps in understanding as to the need of full time or part time needs of the organization.

HR Demand Forecasting - factors affecting – Techniques

Forecasting human resource demand is the process of estimating the future human resource requirement of right quality and right number. As discussed earlier, potential human resource requirement is to be estimated keeping in view the organization's plans over a given period of time. Analysis of employment trends; replacement needs of employees due to death, resignations, retirement termination; productivity of employees; growth and expansion of organization; absenteeism and labor turnover are the relevant factors for human resourced forecasting. Demand forecasting is affected by a number of external and internal factors.

Job analysis and forecasting about the quality of potential human resource facilitates demand forecasting. So, existing job design must be thoroughly evaluated taking into consideration the future capabilities of the present employees.

HR Supply Forecasting - Succession Analysis - Markov Analysis - Human Resource Planning

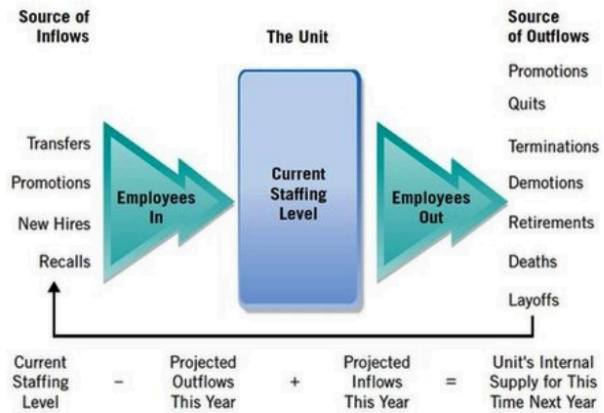
Human Resource supply forecasting is the process of estimating availability of human resource followed after demand for testing of human resource. For forecasting supply of human resource, we need to consider internal and external supply. Internal supply of human resource available by way of transfers,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

External supply of human resource depends on some factors mentioned below.

- Supply and demand of jobs.
- Literacy rate of nation.
- Rate of population
- Industry and expected growth rate and levels
- Technological development.
- Compensation system based on education, experience, skill and age.
- Succession analysis

Succession Analysis

Once a company has forecast the demand for labour, it needs an indication of the firm's labour supply. Determining the internal labour supply calls for a detailed analysis of how many people are currently in various job categories or have specific skills within the organization. The planner then modifies this analysis to reflect changes expected in the near future as a result of retirements, promotions, transfers, voluntary turnover, and terminations. Demand forecasting helps in determining the number and type of personnel/human resources required in future. The next step in human resource planning is forecasting supply of human resources. The purpose of supply forecasting is to determine the size and quality of present and potential human resources available from within and outside the organization to meet the future demand of human resources. Supply forecast is the estimate of the number and kind of potential personnel that could be available to the organization.



The above figure illustrates that internal supply forecasting can be estimated based on the following:

- (a) Current Staffing Level
- (b) Projected Outflows This Year
- (c) Projected Inflows This Year

Human Resource Planning (HRP) anticipates not only the required kind and number of employees but also determines the action plan for all the functions of personnel management.

4 Approaches to HR Planning

HR planning is a mechanism created to forecast the required human resource to perform a specific task. It also assesses the skill requirement of employees for each job. It is a complex task which estimates the future demand and supply position of HR in the organization. Hence, it gives a picture of infinite future in advance in terms of human resource requirement for the company. Here, the approaches to HR planning are as follows:

4.1 Quantitative Approach

It is also known as top-down approach of HR planning under which top level make and efforts to prepare the draft of HR planning. It is a management-driven approach under which the HR planning is regarded as a number's game. It is based on the analysis of Human Resource Management Information System and HR Inventory Level. On the basis of information provided by HRIS, the demand of manpower is forecasted using different quantitative tools and techniques such as trend analysis, mathematical models, economic models, market analysis, and so on. The focus of this approach is to forecast human resource surplus and shortages in an organization. In this approach major role is played by top management.

4.2 Qualitative Approach

This approach is also known as bottom up approach of HR planning under which the subordinates make an effort to prepare the draft of HR planning. Hence, it is also called sub- ordinate-driven approach of HR planning. It focuses on individual employee concerns. It is concerned with matching organizational needs with employee needs. Moreover, it focuses on employee's training, development and creativity. Similarly, compensation, incentives, employee safety, welfare, motivation and promotion etc. are the primary concerns of this approach. In this approach, major role is played by lower-level employees.

4.3 Mixed Approach

This is called mixed approach because it combines both top-down and bottom-up approaches of HR planning. In fact, the effort is made to balance the antagonism between employees and the management. Hence, it tends to produce the best result that ever produced by either of the methods. Moreover, it is also regarded as Management by Objective (MBO) approach of HR planning. There is equal participation of each level of employees of the organization.

1.5 Quantitative Aspects of Human Resource Planning

Quantitative aspect of human resource planning involves demand forecasting and supply forecasting.

1.5.1 Demand forecasting: as discussed above demand forecasting means estimating the future requirement of the employees. It can be done on the basis of estimating sales, number of proposals company get or on the basis of estimating the number of orders the company has.

The main three methods of demand forecasting are:

- a) **Statistical techniques:** it is one of the reliable sources for long range forecasting of employees. The important tools for forecasting are:
 - i) **Regression analysis:** it is used to estimate the future requirement of the employees on the basis of sales, output, etc., when dependent and independent variable are related to each other.
 - ii) **Burkes - smith model:** this model uses the equation $E_n = (Lagg + G)I/X/Y$ where E_n is the estimated demand of employees in n planning period
 Lagg is overall turnover of business
 G is total growth of business
 X is the average productivity improvement
 Y is conversion figure relating today's overall activity to personnel required

iii) **Ratio and trend analysis:** in this method the ratio is calculated on the basis of past data. Future ratios are calculated on the basis of changes expected in the human resources.

b) **Managerial judgment:** in small companies generally, this method is used where the managers sit down, think about the future work load and decide how many people they need. It can be done on bottom-up basis where managers give the proposal to the top management and can be done on the top-down basis where top management make the forecast and give it to the departmental managers for review.

c) **Work load forecasting:** it means how long the operation would take and how much labor is required.

For example, annual production of the company is 400000 units. The standard time required to complete the task is 2 hours. Past records show that workers contribute 4000 hours per year. So planned man-hours for year = $400000 \times 2 = 800000$ hours.

Number of workers required = $800000 / 4000 = 200$

So 200 workers are needed to meet the target of 400000 units

But due to absenteeism and labor turnover 20% margin is required which means $200 \times 20\% = 40$. $200 + 40 = 240$ workers are required in a year.

1.5.2. Supply forecasting: Supply forecasting is another quantitative aspect of human resource planning. It is concerned with estimating the supply of manpower by analyzing the current resources and future availability. For this purpose, the external supply and internal supply of manpower must be considered by human resource planner.

a) **Simulation technique:** it means alternative flows which are examined for effects on future manpower supplies.

b) **Renewal analysis:** this technique measures future flow and supplies of manpower by calculating vacancies created by the organization.

c) **Goal programming:** here the planner tends to optimize the goal.

d) **Markov analysis:** in this method the likelihood of a person in a particular job is estimated.

1.6 The major Benefits of Human Resource Planning are:

i. It checks the corporate plan of the organization.

ii. HRP offsets uncertainties and changes to the maximum extent possible and enables the organisation to have right men at right time and in right place.

iii. It provides scope for advancement and development of employees through training, development, etc.

iv. It helps to anticipate the cost of salary enhancement, better benefits, etc.

v. It helps to anticipate the cost of salary, benefits and all the cost of human resources facilitating the formulation of budgets in an organization.

vi. To foresee the need for redundancy and plan to check it or to provide alternative employment in consultation with trade unions, other organizations and government through remodeling organizational, industrial and economic plans.

- vii. To foresee the changes in values, aptitude and attitude of human resources and to change the techniques of interpersonal, management, etc.
- viii. To plan for physical facilities, working conditions and the volume of fringe benefits like canteen, schools, hospitals, conveyance, child care centers, quarters, company stores, etc.
- ix. It gives an idea of type of tests to be used and interview techniques in selection based on the level of skills, qualifications, intelligence, values, etc., of future human resource.
- x. It causes the development of various sources of human resources to meet the organizational needs.
- xi. It helps to take steps to improve human resource contributions in the form of increased productivity, sales, turnover, etc.
- xii. It facilitates the control of all the functions, operations, contribution and cost of human resources.

1.7 Summary

HRP is essentially the process of getting the right number of qualified people into the right job at the right time so that an organization can meet its objectives. Organizations use HRP as a means of achieving greater effectiveness. It systematically attempts to forecast personnel demand, assess supply and reconcile the two. While developing HR plans, manager should scan the external environment carefully to identify the effects of economic, social, competitive and governmental influences.

1.8 Key Words

HRP: HRP is essentially the process of getting the right number of qualified people into the right job at the right time so that an organization can meet its objectives.

HR Forecast: An attempt to predict an organization's future demand for employees.

Downsizing: Refers to the permanent reduction of a company's workforce.

1.9 Self-Assessment Questions

1. What is human resource planning? Explain the importance of HRP in business organization.
2. Explain the steps in HRP process.
3. How would you analyse the demand and supply forecasting of human resources for designing the HRP.

1.10 Further Readings

- Human Resource Management – K. Aswatappa, Tata McGraw-Hill Education, 2010.
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Lesson - 6

JOB ANALYSIS

Objectives

After studying this lesson, the students are able to understand.

- Concept of skill forecasting
- Job analysis
- Job description
- Job specification

Structure

- 2.1 Introduction and Definition of skill forecasting
- 2.2 Improving Forecasting Skills
- 2.3 Concept of job analysis
- 2.4 Job description
- 2.5 Job specification
- 2.6 Summary
- 2.7 Key Words
- 2.8 Self-Assessment Questions
- 2.9 Further Readings

2.1 Introduction to Skills forecasting

Skills forecasting refers to systematic means of determining future Skill needs. Typically Skills forecasting is based on economic modeling of future labor demand in an economy from which estimates are derived about the level of skill demand associated with the change in labor demand. Forecasting skills take time and experience to develop. A small-business owner's ability to take past and current data and turn it into a prediction for the future can be invaluable for success. Develop forecasting skills for your business to prepare for the worst while anticipating the best.

2.1.1 Forecasting Overview

Forecasting your company's future involves projected sales, expected costs and the bottom line profit under both positive and less-than-positive economic conditions. Forecasting can serve a variety of purposes. It can enable you to create a realistic business budget. It is an effective way

to share your business model with potential investors. Forecasting also helps you plan business strategies.

2.1.2 Forecasting for Budgeting

A realistic budget often is the result of careful forecasting. Examine past revenue and apply the data to similar periods in the future to predict upcoming income. When forecasting trends suggest a successful quarter or period ahead, a business owner can plan to capitalize on the boom. When forecasting trends suggest a tight or problematic quarter ahead, a business owner can anticipate shortfalls and prepare in advance to cover business finances.

2.1.3 Forecasting for Strategizing

Forecasting can be an essential part of making major business decisions. Expanding a product line, opening an additional business branch or moving your business to a different location are significant changes. Careful forecasting before making these decisions **will help ensure that you** choose **the right** time **to** implement your decision. It also may help you present your business plan to a lender if you must secure financing.

2.1.4 Stay Attuned

Communicate regularly with customers, clients, suppliers and experts in your industry to stay informed about trends and situations that may affect your business. For example, a florist needs to stay informed about the availability of specific flowers. If unexpected weather occurs in a region that supplies a specific flower, this flower may become extremely expensive or unavailable, which can affect business. Use the expertise of others to help you formulate an accurate forecast for your business and then plan accordingly.

2.1.5 Re-examine Forecasts Regularly

Use the information you gather from others to keep your business forecast current and accurate. If trends develop that make it obvious that you have made errors in forecasting, make adjustments and reforecast as quickly as possible to keep your business moving along the right course.

2.2 Improving Forecasting Skill

Bristow suggests the following points to help you improve your forecasting skills.

- Work out the exact timings of when fixed costs and payments, such as rent, are made
- If you are waiting on outstanding payments from customers, work out how they will pay you and when. You can't afford to make a broad assumption that they will pay as soon as you ask for it
- Use the above information to predict your cash levels for the future, for example, try and figure out how long customers will take to pay you and factor this into your cashflow and profit forecasts
- Work out when you will be paying your suppliers and prioritise these payments. For example, a telephone bill will need to be paid sooner than one for stationery
- Be conservative with your forecast. You want to show banks and investors that you have looked and accounted for worst possible scenarios
- Direct debits can be a good measure to put in place, as you know exactly when you will be receiving payment
- Get other people in your team to work on different aspects of forecasting – then you get the benefit of different opinions.

Strategic planning is critical to the success of any organization, and HR is an important component. Strategic planning involves analyzing the need for and availability of human capital in meeting the organization's goals and objectives. Creating and maintaining a skills inventory can assist HR in these efforts. A skills inventory is a compilation of the skills, education and experiences of current employees. Organizations use these inventories to assess whether current staff can meet company goals. Understanding the company's pool of current skills/talents and future skill requirements aids in strategic planning efforts. Below are a few areas where skills inventories contribute valuable information.

2.2.1 Recruiting: Tracking the skills and abilities of current employees allows an organization to identify skills gaps that can be filled by outside applicants. These inventories help guide hiring decisions that will ensure management has the manpower necessary to meet the current and future needs of the organization.

2.2.2 Training: Skills inventories can also detect skills gaps for current employees and identify areas where skills need to be upgraded via training. This often happens when the introduction of

new technology or processes keeps an organization competitive in a changing market. Knowing what training is needed allows employers to budget for and determine appropriate training programs.

2.2.3 Succession planning: Succession planning ensures that an organization has the right personnel to function in the event of a key employee's departure. Creating and maintaining current skills inventories contributes to succession plans by identifying high-potential employees, matching them for future openings and identifying training needed to prepare these employees for future success. Skills inventories should be reviewed on an ongoing basis, and employers should encourage employees keep their own skills inventories updated. By doing so, employers support the success of their strategic plans and achievement of their company's short- and long-term goals.

2.2.4 Concept of HRM: Human resources plays a significant role in the development process of modern economics. HRM is actually an offshoot of personal management. In fact, among all the factors of management, it is this factor, i.e., human factor that needs to be vigilantly recognized, developed, nurtured and honored so that goals of the organization are successfully achieved. Managing human resources is one of the key functions of the business organization. In recent years, human is found to be an indispensable element for organizational effectiveness; therefore HRM becomes a persistence and influential approach to the management of employees in market oriented economics.

2.3 Job Analysis:

Job analysis can be defined as the process of identifying the tasks comprising a particular job to assess whether they could be organized in a productive manner. This will identify the main features of a job achieved and one job is related to the other Jobs in the organizational hierarchy. In simple words, it is Job Analysis is a process to identify and determine in detail the particular job duties and requirements and the relative importance of these duties for a given job. Job Analysis is a process where judgments are made about data collected on a job.

Job analysis is the process of gathering and analyzing information about the content and the human requirements of jobs, as well as, the context in which jobs are performed. This process is used to determine placement of jobs. The decision-making in this area is shared by units and

Human Resources. Specific internal approval processes will be determined by the unit's organizational leadership. Job analysis defines the organization of jobs within a job family. It allows units to identify paths of job progression for employees interested in improving their opportunities for career advancement and increasing compensation.

2.3.1 Purpose of Job Analysis

One of the main purposes of conducting job analysis is to prepare job descriptions and job specifications which in turn help hire the right quality of workforce into an organization. The general purpose of job analysis is to document the requirements of a job and the work performed. Job and task analysis is performed as a basis for later improvements, including: definition of a job domain; description of a job; development of performance appraisals, personnel selection, selection systems, promotion criteria, training needs assessment, legal defense of selection processes, and compensation plans. The human performance improvement industry uses job analysis to make sure training and development activities are focused and effective. In the fields of human resources (HR) and industrial psychology, job analysis is often used to gather information for use in personnel selection, training, classification, and/or compensation.

Job analysis aims to answer questions such as:

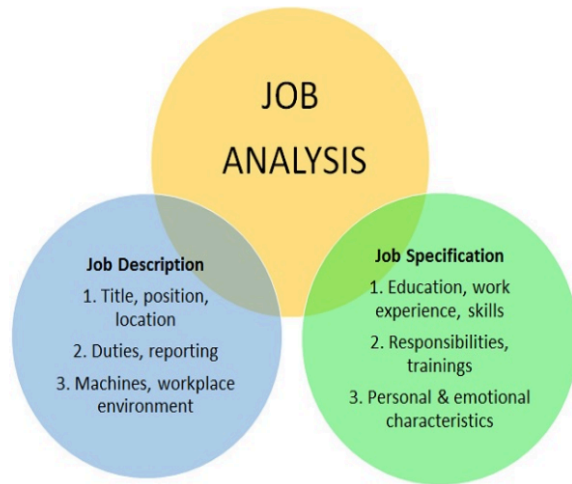
1. Why does the job exist?
2. What physical and mental activities does the worker undertake?
3. When is the job to be performed?
4. Where is the job to be performed?
5. Under What conditions it is to be performed?

2.3.2 Advantages of the Job Analysis:

- It helps to develop job description enables the interviews to assess the requirements on the part of the interviews to perform the job better.
- It is aid for assessing training needs
- It is an aid for assessing the performance of the employee.
- It forms a prerequisite to job evolution.
- It helps the management to view a job in a specific manner.

2.3.4 Information required on Job Analysis

- **Duties and Tasks** The basic unit of a job is the performance of specific tasks and duties. Information to be collected about these items may include: frequency, duration, effort, skill, complexity, equipment, standards, etc.
- **Environment** This may have a significant impact on the physical requirements to be able to perform a job. The work environment may include unpleasant conditions such as offensive odors and temperature extremes. There may also be definite risks to the incumbent such as noxious fumes, radioactive substances, hostile and aggressive people, and dangerous explosives.
- **Tools and Equipment** Some duties and tasks are performed using specific equipment and tools. Equipment may include protective clothing. These items need to be specified in a Job Analysis.
- **Relationships** Supervision given and received. Relationships with internal or external people.
- **Requirements** The knowledge, skills, and abilities (KSA's) required to perform the job. While an incumbent may have higher KSA's than those required for the job, a Job Analysis typically only states the minimum requirements to perform the job.



2.4 Job Description:

The job description is a written statement that describes the work that is to be done and the skills, knowledge and abilities needed to perform the work. Each job has a description identifying the duties, qualifications, decision-making, interactions, supervision received/exercised and impact of the position.

Job description is an accurate and concise description of

- a) The overall purpose of the job
- b) The principal duties of the job doing person.

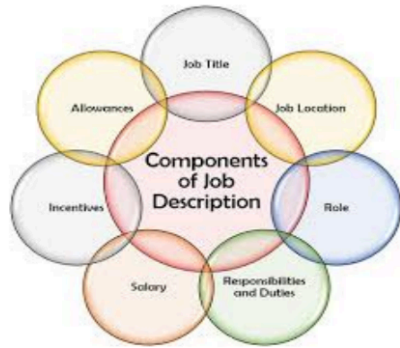
The job description emphasizes the job requirements once individual are selected to posts. Job description allows them to know exactly what their roles are and what is expected of them.

Job description includes:

- Job title and grade.
- To whom one has to report.
- What authority one has.
- Definition of those for whom one has responsible.
- The main objectives.

- Key responsibilities and tasks.
- Reporting methods and requirements.

The job of a production manager is to set and maintain high standard of product quality and reliability. The marketing manager is concerned sales. The job of a foreman is to maintain production and supervision the production staff under his control.



Advantages of job description:

- Job description forms the basis to identify the job specification.
- It motivates the potential candidates to apply for the job at the time of advertisement.
- This helps to evaluate or assess the performance of the employees.
- It is a valuable tool for designing employee training program.

Direction implies the orders and also showing the employees how to execute these job orders. This job requires management skills apart from technical skills.

2.5 Job Specification:

Job specification identifies the requirements on the part of the person to person form the given job. It provides the interviewer an understanding of the job and helps him to assess the qualities necessary for its performance to acceptable standard at the time of interview. This helps him to compare the performance of candidates objectively and to eliminate unsuitable candidates. The recruitment, advertisement should also provide with reference to a given job.

- The knowledge and understanding required for the job.
- The necessary job related to experience.

- The educational and technical qualifications

Job specification is a description of the human requirements of the job .it is necessary that applicant must have the knowledge of the job description before he applies.

2.6.1 Components of Job Specification

There are many parameters which are considered while giving the job specification for a certain profile.

1. Educational Qualification: This parameter gives an insight on how qualified a certain individual is. It covers their basic school education, graduation, masters degree, other certifications etc

2. Experience: Job specification clearly highlights the experience required in a particular domain for completing a specific job. It includes work experience which can be from a specific industry, position, duration or in a particular domain. Managerial experience in handling and managing a team can also be a job specification criteria required for a particular position

3. Skills & Knowledge: This is an important parameter in job specification especially with knowledge and skill based profiles. The higher the position in a company, the more niche the skills become and more is the knowledge required to perform the job. Skills like leadership, communication management, time management, team management etc are mentioned.

4. Personality traits and characteristics: The way in which a person behaves in a particular situation, handles complex problems, generic behaviour etc are all covered in the characteristics of a job description. It also covers the emotional intelligence of a person i.e how strong or weak a person is emotionally.



2.6.2 Advantages of Job Specification

There are several benefits of having a comprehensive job specification. Some advantages are listed below:

1. Job specification highlights all the specific details required to perform the job at its best
2. It gives the HR managers a threshold and a framework on the basis on which they can identify the best prospects
3. Helps in screening of resumes and saves time when there are multiple applications by choosing those who are closest to the job specification
4. HR managers can use job specification as a benchmark to evaluate employees and give them required trainings
5. It also helps companies during performance appraisal and promotions.

2.6.3 Disadvantages of Job Specification

There are certain limitations of job specification. Some of the disadvantages are mentioned below:

1. It is a time-consuming process as it has to be very thorough and complete
2. Job description is time bound and changes with changing technology and changing knowledge & skill requirements
3. It can only give a framework of emotional characteristics and personality traits but cannot specify the experience or forecast complex issues in any.

2.6 Summary

Job analysis is a systematic investigation of the tasks, duties and responsibilities necessary to do a job. The information of job analysis is useful for a variety of organizational purposes ranging from human resource planning to career counselling. The end product of job analysis is job description, a written statement of what the job holder does, and job specifications, which list the knowledge, skills and abilities required to perform a job satisfactorily.

2.7 Key Words

Job : A group of positions similar in their significant duties such as technical assistant, computer programmers etc.

Task : An identifiable work activity carried out for a specific purpose.

Job analysis's : A systematic investigation of the tasks, duties and responsibilities necessary to do a job.

2.8 Self-Assessment Questions

1. What is skill forecasting? Explain the procedure of skill forecasting.
2. What is job analysis? Explain the role of job analysis in HRP.
3. What is job description? Explain the advantages and disadvantages of job description.
4. What is job specification? How it useful to find out job skills?

2.9 Further Readings

1. Human Resource Management – K. Aswatappa, Tata McGraw-Hill Education, 2010.
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Lesson – 7

JOB DESIGN

Objectives

After studying this lesson, the students are able to understand.

- Job design
- Factors affect job design
- Elements of job design

Structure

- 3.1 Introduction
- 3.2 Meaning of Job Design
- 3.3 Factors affecting Job Design
- 3.4 Methods of Job Design
- 3.5 Principles of Job Design
- 3.6 Self-Assessment Questions
- 3.7 Further Readings

3.1 Introduction

Job design (also referred to as work design or task design) is a core function of human resource management and it is related to the specification of contents, methods and relationship of jobs in order to satisfy technological and organizational requirements as well as the social and personal requirements of the job holder or the employee. Its principles are geared towards how the nature of a person's job affects their attitudes and behavior at work, particularly relating to characteristics such as skill variety and autonomy. The aim of a job design is to improve job satisfaction, to improve through-put, to improve quality and to reduce employee problems (e.g., grievances, absenteeism).

3.2 Meaning of Job Design:

Job design is the logical sequence of the process of job analysis and involves conscious efforts to organize tasks, duties and responsibilities into a unit of work so as to business objectives. Job design is the logical sequence to job analysis. It involves conscious efforts to organize tasks, duties and responsibilities into a unit of work so as to achieve organizational objectives. It deals with the allocation and arrangement of organizational work activities and tasks into sets where a singular set of activities constitutes a “job” and which is subsequently performed by a job incumbent.

Definition of Job Design:

Job design is defined as a process of describing a job in terms of its duties and responsibilities; the methods to be used in carrying out the job in terms of techniques, systems, and procedures; and the relationship that should exist between the job holders and their superiors, subordinates, and colleagues.

3.3 Factors affecting Job Design

Broadly speaking the various factors that affect a job design can be classified under three heads.

They are:

1. Organizational factors
2. Environmental factors
3. Behavioural factors.

3.3.1 Organizational Factors:

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

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

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

(c) Workflow- Product and service type often determines the sequence of work flow. A balance is required between various product or service processes and a job design ensures this.

(d) Culture- Organizational culture determines the way tasks are carried out at the work places. Practices are methods or standards laid out for carrying out a certain task. These practices often affect the job design especially when the practices are not aligned to the interests of the union.

3.3.2 Environmental Factors:

Environmental factors affect the job design to a considerable extent. These factors include both the internal as well as external factors. They include factor like employee skills and abilities, their availability, and their socioeconomic and cultural prospects.

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

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

3.3.3. Behavioural Factors:

Behavioural factors or human factors are those that pertain to the human need and that need to be satisfied for ensuring productivity at workplace. They include the elements like autonomy, diversity, feedback, etc.

A brief explanation of some is given below:

(a) Autonomy- Employees should work in an open environment rather than one that contains fear. It promotes creativity, interdependence and leads to increased efficiency.

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

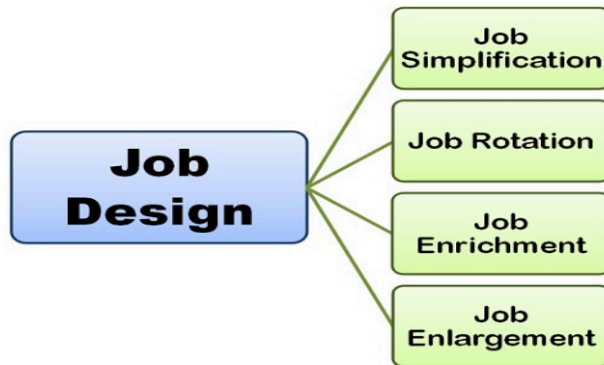
(c) Diversity- Repetitive jobs often make work monotonous which leads to boredom. A job should carry sufficient diversity and variety so that it remains as interesting with every passing day. Job variety/diversity should be given due importance while designing a job.

(d) Use of skills and abilities- Jobs should be employee rather than process centered. Though due emphasis needs to be given to the latter but jobs should be designed in a manner such that

an employee is able to make full use of his abilities is able to make full use of his abilities and perform the job effectively.

3.4 Methods of Job Design

There are various methods in which job design can be carried out. These methods help to analyse the job, to design the contents of and to decide how the job must be carried out.



3.4.1 Job Simplification

Definition: The Job Simplification means breaking the job into relatively easier sub-parts with the intention to enhance the individual's productivity by minimizing the physical and mental efforts required to perform a complex job.

Once the complex task is divided into the relatively easier tasks, each task is assigned to the individuals who perform these over and over again. By doing the same thing again and again, the employees gain proficiencies in the jobs assigned to them and as a result, the profitability of the organization increases. Under the job simplification method, the organization saves its training cost, as a very low level of skills is required to perform the simplified jobs. Also, the job speed increases, as the individual is required to perform a small portion of the previously larger and complex job.

3.4.2 Job Rotation

Job rotation is a job design process by which employee roles are rotated in order to promote flexibility and tenure in the working environment. Through job rotation, employees laterally mobilize and serve their tasks in different organizational levels; when an individual experiences different posts and responsibilities in an organization, the ability to evaluate his or her capabilities in the organization increases. By design, it is intended to enhance motivation, develop workers' outlook, increase productivity, improve the organization's performance on various levels by its multi-skilled workers, and provides new opportunities to improve the attitude, thought, capabilities and skills of workers.

Advantages of Job Rotation:

(a) Avoid Monopoly:

Job rotation helps to avoid monopoly of job and enable the employee to learn new things and therefore enjoy his job.

(b) Provides an Opportunity to Broaden One's Knowledge:

Due to job rotation the person is able to learn different job in the organization this broadens his knowledge.

(c) Avoiding Fraudulent Practice:

In an organization like bank jobs rotation is undertaken to prevent employees from doing any kind of fraud i.e., if a person is handling a particular job for a very long time he will be able to find loopholes in the system and use them for his benefit and indulge (participate) in fraudulent practices job rotation avoids this.

Disadvantages of Job Rotation:**(a) Frequent Interruption:**

Job rotation results in frequent interruption of work. A person who is doing a particular job and gets it comfortable suddenly finds himself shifted to another job or department. This interrupts the work in both the departments.

(b) Reduces Uniformity in Quality:

Quality of work done by a trained worker is different from that of a new worker. When a new worker "I" shifted or rotated in the department, he takes time to learn the new job, makes mistakes, in the process and affects the quality of the job.

(c) Misunderstanding with the Union Member:

Sometimes job rotation may lead to misunderstanding with member of the union. The union might think that employees are being harassed and more work is being taken from them. In reality this is not the case.

3.4.3 Job Enlargement

Hulin and Blood (1968) define Job enlargement as the process of allowing individual workers to determine their own pace (within limits), to serve as their own inspectors by giving them responsibility for quality control, to repair their own mistakes, to be responsible for their own machine set-up and repair, and to attain choice of method. By working in a larger scope, as Hulin and Blood state, workers are pushed to adapting new tactics, techniques, and methodologies on their own. Frederick Herzberg referred to the addition of interrelated tasks as 'horizontal job loading,' or, in other words, widening the breadth of an employee's responsibilities.

Advantages of Job Enlargement:**(a) Variety of Skills:**

Job enlargement helps the organization to improve and increase the skills of the employee due to organization as well as the individual benefit.

(b) Improve Earning Capacity:

Due to job enlargement the person learns many new activities. When such people apply for jobs to other companies they can bargain for more salary.

(c) Wide Range of Activities:

Job enlargement provides wide range of activities for employees. Since a single employee handles multiple activities the company can try and reduce the number of employees. This reduces the salary bill for the company.

Disadvantages of Job Enlargement:**(a) Increases Work Burden:**

Job enlargement increases the work of the employee and not every company provides incentives and extra salary for extra work. Therefore the efforts of the individual may remain unrecognized.

(b) Increasing Frustration of the Employee:

In many cases employees end up being frustrated because increased activities do not result in increased salaries.

(c) Problem with Union Members:

Many union members may misunderstand job enlargement as exploitation of worker and may take objection to it.

3.4.4 Job Enrichment

Job enrichment increases the employees' autonomy over the planning and execution of their own work, leading to self-assigned responsibility. Because of this, job enrichment has the same motivational advantages of job enlargement, however it has the added benefit of granting workers autonomy. Frederick Herzberg viewed job enrichment as 'vertical job loading' because it also includes tasks formerly performed by someone at a higher level where planning and control are involved.

The motivating factors can be:

(a) Giving more freedom.

(b) Encouraging participation.

(c) Giving employees the freedom to select the method of working.

(d) Allowing employees to select the place at which they would like to work.

(e) Allowing workers to select the tools that they require on the job.

(f) Allowing workers to decide the layout of plant or office.

Job enrichment gives lot of freedom to the employee but at the same time increases the responsibility. Some workers are power and responsibility hungry. Job enrichment satisfies the needs of employees.

Scientific Management

Under scientific management people would be directed by reason and the problems of industrial unrest would be appropriately (i.e., scientifically) addressed. This philosophy is oriented toward the maximum gains possible to employees. Managers would guarantee that their subordinates would have access to the maximum of economic gains by means of rationalized processes. Organizations were portrayed as rationalized sites, designed and managed according to a rule of rationality imported from the world of technique

Two Factor Theory

Frederick Herzberg's Two Factor Theory (Motivator-Hygiene Theory) proposes that the factors that correlate to motivation in the work environment are separate to those factors that correlate to dissatisfaction. He relates these factors to the perceived satisfaction of a set of needs as a reward for completing a task; universal necessities and expectations such as healthcare and salary do not contribute to motivation as much as factors such as achievement or recognition. Employees of a work environment therefore are motivated and dissatisfied by two sets of factors:

Hygiene Factors (e.g. salary, clean working environment); these do not contribute to motivation, but their absence can lead to dissatisfaction.

Motivational Factors (e.g. opportunity for meaningful work, sense of importance); these contribute to one's intrinsic motivation to work in an environment.

Advantages of Job Enrichment:

(a) Interesting and Challenging Job:

When a certain amount of power is given to the employees it makes the job more challenging for them, we can say that job enrichment is a method of employee empowerment.

(b) Improves Decision-Making: Through job enrichment we can improve the decision-making ability of the employee by asking him to decide on factory layout, method and style of working.

(c) Identifies Future Managerial Caliber:

When we provide decision-making opportunities to employees, we can identify which employee is better than other in decision-making and mark employees for further promotion.

(d) Identifies Higher Order Needs of Employees:

This model identifies higher order needs of the employee. Abraham Maslow's theory of motivation speaks of these higher order needs, e.g., ego and esteemed needs, self-actualization etc. These needs can be achieved through job enrichment.

(e) Reduces Work Load of Superiors:

Job enrichment reduces the work load of senior staff. When decisions are taken by juniors the seniors work load is reduced.

Disadvantages of Job Enrichment:

(a) Job enrichment is based on the assumptions that workers have complete knowledge to take decisions and they have the right attitude. In reality this might not be the case due to which there can be problems in working.

(b) Job enrichment has negative implications i.e., along with usual work decision-making work is also given to the employees and not many may be comfortable with this.

(c) Superiors may feel that power is being taken away from them and given to the junior's. This might lead to ego problems.

(d) This method will only work in certain situations. Some jobs already give a lot of freedom and responsibility; this method will not work for such jobs.

(e) Some people are internally dissatisfied with the organization. For such people no amount of job enrichment can solve the problem.

3.5 Principles of Job Design

Job design principles help in tackling and managing the following issues:

- Work overload;
- Work under load;
- Repetitiveness leading to drudgery and adverse effect on productivity;
- Work and people isolation;
- Multiple shifts;
- Managing pending filling-up of vacancies;
- Excessive working hours; and
- Lack of understanding of the whole job process.

Job design and workplace design are interrelated concepts as both contribute to keeping the physical requirements of a job reasonable. Job design focuses on the need for administrative changes that can help in improving working conditions. Workplace design focuses on the physical setting of the workplace, such as work-station, tools, and body posture, which contribute to an individual's work performance.

3.6 Self Assessment Questions

1. What job design? Explain the factors affecting job design.
2. What are the various methods job design?
3. Explain the principles in job design.

3.7 Key Words

Job Design: is the logical sequence of the process of job analysis and involves conscious efforts to organize tasks, duties and responsibilities into a unit of work so as to business objectives.

Job enrichment: is a process that is characterized by adding dimensions to existing jobs to make them more motivating. Examples of job enrichment include adding extra tasks (also called job enlargement), increasing skill variety, adding meaning to jobs, creating autonomy, and giving feedback.

Job description or JD: is a written narrative that describes the general tasks, or other related duties, and responsibilities of a position.

Job specification: is the list of recommended qualities for a person to qualify for and succeed in a position.

Job evaluation: is a systematic way of determining the value/worth of a job in relation to other jobs in an organization. It tries to make a systematic comparison between jobs to assess their relative worth for the purpose of establishing a rational pay structure.

3.8 Self-Assessment Questions

1. What job design? Explain the factors affecting job design.
2. What are the various methods job design?
3. Explain the principles in job design.

3.9 Further Readings

1. Human Resource Management – K. Aswatappa, Tata McGraw-Hill Education, 2010.
2. Human Resource Management: Text and Cases – VSP Rao, Excel Books, 2010.
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9. Personnel and Human Resource Management – A.M. Sarma, Himalaya Publishing House, 014.

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Lesson - 8

HR INVENTORY

Objectives

After studying this lesson, the students are able to understand.

- HR Inventory
- Human Resources Inventory Assessment
- Human Resource Demand and Supply
- Forecasting Current Future HR Needs.

Structure

- 4.1 Introduction
- 4.2 Human Resources Inventory Assessment
- 4.3 Human Resource Inventory: Skill Assessments
- 4.4 Preparation of HR Inventory
- 4.5 Importance of HR inventory:
- 4.6 HR Demand and Supply
- 4.7 Forecasting Current and Future HR Needs
- 4.8 Summary
- 4.9 Key Terms
- 4.10 Self-Assessment Questions
- 4.11 Further Readings

4.1 Introduction

Human Resource Inventory, also known as the skills inventory comprehensively lists down the basic information on all the employees, like their education, experience, skills, age, gender, salary related data, job preference and special achievements. It is a vital tool used in HR planning and policy making. The information contained in the human resource inventory should be such that it is not only relevant to the current job position that an employee holds, but can also be used by recruiters to consider the individual for other job openings that might come up in the future. Thus, the basic premise of maintaining a current skills inventory is to identify if there are gaps between the current level of skills and relevant knowledge possessed by the employees and the Knowledge, skills and abilities (KSAs) needed to meet future business goals.

This aids the HR managers to make better decisions in several areas, including but not limited to:

1. Hiring qualified staff for meeting current as well as future needs of various business departments
2. Allocation of right employee to the right job
3. Ensuring organizational success by efficient staffing
4. Analyzing current deficits and taking up the right training programs to bridge the skill gaps
5. Strategizing a workforce plan for future needs of business.

Having an updated skills inventory benefits the HR as they can efficiently evaluate and compare information on several employees within the organization. This can then be used to decide upon items like promotions, trainings, raises and future recruitment need of the organization. However, it is of utmost importance that the HR inventory is updated frequently to ensure it is relevant and useful. Gathering accurate information on each employee in the company is often a time-consuming and cumbersome task, which is very challenging if maintained on paper. As the human resource inventory is also known as the 'snapshot' of an organization, a static inventory is of no value.

The information contained in the human resource inventory should be such that it is not only relevant to the current job position that an employee holds but can also be used by recruiters to consider the individual for other job openings that might come up in the future. Thus, the basic premise of maintaining a current skills inventory is to identify if there are gaps between the current level of skills and relevant knowledge possessed by the employees and the Knowledge, skills and abilities (KSAs) needed to meet future business goals.

Human resource inventory is the information or record about skills inventory of human resources currently employed in the organization. It provides information about personal skill what they can do and what they are lacking. Various information included in the inventory are as follows:

- Name, age, marital status of employee.
- Formal academic qualification of employee.
- Informal training and workshop undertaken by employee.
- Specialized skills of the employees.
- Experience from previous employment.
- Current position held.
- Capabilities of the employee.
- Job and location preferences.
- Salary level and benefits receiving.
- Performance rating of the employee, etc.

4.2 Human Resources Inventory Assessment

In order to manage the farm business effectively, and to strategically position the farm for success moving forward, managers must assess and inventory the resources available for employment.

- Managers commonly inventory and assess natural resources by keeping records regarding land available, the quality and productivity of that land, and the challenges associated with various plots. For example, managers assess whether land is best employed for corn, soybeans, or in pasture for grazing. In other regions of the U.S. farm managers must actively manage their water resources and allocate scarce water to its most highly valued use.
- Farm managers must effectively assess and employ their financial resources to ensure the continued operation of the farm. Managers must determine whether to use debt or equity financing, when to borrow, how much to borrow, and how to allocate funds on the farm to achieve the goals and objectives of the farm and/or family.
- Livestock operations must effectively assess their livestock resources, including how to most profitably employ livestock in the various enterprises in the operation as well as manage the feed and other supplies inventoried on the farm.
- All farming operations, at least implicitly, must inventory and assess their human resources. That is, managers must assess the quality and quantity of labor available to the operation and decide how to best employ that labor in the operation.

4.3 Human Resource Inventory: Skill Assessments

Not all labor is of equal value. A highly trained diesel engine mechanic, for example, may be of great value in a large row cropping operation, but is of less use on a swine operation processing piglets. In order to ensure that the major needs of the farm business are covered it is necessary to assess the competencies and areas of strength and weakness for each manager and employee. On a swine operation, for example, mechanical skills would be employed very differently from human resource management skills, or knowledge in working with the pigs. Farms will vary on the exact categories which should appear on a skills assessment. Farm management teams should take the

time to outline skill assessment categories for their own operation to ensure that all key areas are being adequately covered on their operation. An admittedly incomplete list, for the purpose of an example, might include:

4.3.1 Self-Assessment

Managers and employees should rate their own skill level on the various areas of importance highlighted for the farm. Self-assessment requires some reflection on what we believe ourselves to be good at – and – what areas we think we may need improvement in. Assessing your own skills is a good opportunity for reflection on professional areas of strength and planning for future professional development.

4.3.2 Assessing Others

In addition to assessing your own skills, each manager and employee on the farm should assess their coworkers, employees, and bosses strengths and weaknesses. Learning what others see as your strengths and weaknesses can be eye opening! You will likely find that you are harder on yourself than others are on you. You might just find that there is a skill that you bring to the farm that is unique and very highly valued by your coworkers. On the other hand, you might find that your self-proclaimed strength in mechanical skills is actually not recognized by any of your peers. Perhaps such a finding should prompt another honest look at your own skills and a determination of whether additional training is necessary to get you to the level at which you wish to be. Compare and contrast your self-assessment with the assessments provided by your colleagues, boss, or employees. Managers or supervisors can plan to discuss the assessments with each employee to help determine where employees should focus for improvement. After the assessment, be open and willing to discuss operational changes.

4.3.3 Planning for the Future

Once assessments have been completed as to which skill sets employees bring to the table, farm managers can more effectively make decisions regarding task assignments.

4.3.4 Cross Training

It is not uncommon to have a situation in which one person always completes a certain task, and therefore, nobody else on the farm knows how to do it. If a key employee were to leave the operation, or a family member were to be no longer involved in the operation, would there be tasks on your farm that would be difficult to cover? Consider cross training employees so that it is possible for employees to cover tasks outside of their normal areas if the need arises.

4.3.5 Things Change

Roles of various employees, managers, and even family members will evolve over time. Having assessments as a regular part of farm planning and employee reviews will facilitate adjustments as employee roles evolve. Strategic planning surrounding human resources on the farm can aid managers in ensuring that key jobs on the farm do not go uncovered. Strategically planning for labor requirements on the operation can alleviate a great deal of stress when an employee leaves unexpectedly or if an injury puts an employee out of commission.

4.3.6 Hiring in the Future

Consider areas of weakness in the current portfolio of employee skills when hiring; hiring a new employee is a time to screen for people skilled in areas in which the farm may be weak currently.

Having current assessments of employee's skills can help with timing when labor needs arise. Management does not want to be in a situation where they are forced to hire hastily because tasks need to be covered and the farm is experiencing a labor shortage. Employee training should also

not be rushed because of poor planning in which labor shortages require new employees to take on responsibilities they may not be ready for. Regular skill assessments can help identify areas of weakness or potential trouble spots if certain skills sets are unique to a very limited subset of the farm employees.

Finally, look down the line to consider what the future has in store and how the operation might be changing. Will animal health concerns make it necessary to hire someone with experience in the area? Will the use of new technology, such as GPS, make it worthwhile to hire someone that is more tech-savvy than the current management? Human resources should be inventoried and assessed on the farm to facilitate on-farm decision making and whole farm planning, just as natural resources or financial resources may be assessed. Self-assessments and assessments of colleagues can be compared to identify areas of discrepancy. Assessments of employee skill sets can be used to help plan professional development activities for employees as well as help farm management plan for future labor needs.

4.4 Preparation of HR Inventory:

Inventory is term which is normally utilized for counting of tangible items which are necessary to manufacture a product and to maintain the equipment and machinery in good working order. In same way, inventory of human resources can be prepared. The difference is that human resource inventory is not simply counting of heads available but cataloguing their present and future potentials. In view of the fact that total human resources of a concern/organization are classified as managerial and non- managerial personnel.

Skill inventory is concerned with non-managerial personnel whereas managerial inventory is related to managerial personnel. An inventory catalogues a person's skills, abilities and potentials. As the managerial and non-managerial personnel differ from each other, different types of information are needed for preparing their inventories.

4.4.1 Management Inventory:

A management inventory provides the following information:

1. Personnel data.
2. Work history.
3. Career plan.
4. Strengths and weaknesses.
5. Promotion potentials.
6. Size of the enterprise managed i.e., number and types of employees managed.
7. Budget of enterprises managed.
8. Any special achievements such as acquisition of additional qualifications, conferences/seminars, attended, papers presented/written in journals.

4.4.2 Skills Inventory:

Following types of information are needed in skills inventory:

1. Employee's bio-data.
2. Skills acquired i.e. job experience, training etc.
3. Special achievements if any.
4. Potentials of the employee.

Human resource information systems maintain the information mentioned. However, there should be periodic review and updating of the information.

In this way human resource inventory provides information about present and future personnel to be available in the organisation. For suitable managerial actions, the basis is provided through this

inventory which helps in identification of the existing and future gap in personnel and their abilities.

4.4.3 Process of Preparation of HR Inventory:

There are four steps involved in the process of preparation of manpower inventory, determination of the personnel to be included in inventory, cataloguing factual information about individuals, systematic detailed appraisal of each individual and detailed analysis of those individuals who have potential for development.

The followings are the various steps undertaken:

(1) The first step in HR inventory is concerned with identification of personnel whose inventory is to be prepared. As a matter of rule, those people should be included in inventory who will be available in the organization and who have potential for development for future positions. Thus, persons holding some managerial positions and up to a certain age group can be included in the manpower inventory. Promising operatives and supervisors, able to hold future managerial positions can be considered for inclusion in this category.

(2) After identification of personnel to be included in HR inventory, detailed information about them is collected. The information may be factual concerning age, education, experience, health status, retirement age, results of psychological and other tests, employment records, merit rating etc. Some organizations arrange brief interviews to ascertain the correctness of data and also to detect/unearth potential abilities of individuals. All such records work as catalogue of talents.

(3) The third step involves appraisal of personnel included in inventory. This will provide the information about the present and potential talents of each individual. All individuals may be rated in some way. Besides rating, additional specific remarks about individuals should be recorded like listing of commendable work, specific limitations, positions for which the individuals are potentially qualified and need additional training etc.

(4) Detailed study will be made of those individuals who have high potential for promotion and placement against key positions in the organization, after appraising all personnel included in the manpower inventory. Such a study will help in specifying the requirements of training, type of training promotion, timing of promotion and other related issues. Similarly, in case of shortages of human resources action plans may be devised to recruit additional personnel as discussed above.

4.5 Importance of HR inventory:

Human resource inventory is very important document for HR planning. Its importance can be listed as below:

- It provides information about skills and knowledge of employees currently working in organization which can be best reference for training and development planning.
- It is very useful to make planning for recruitment and selection as it provides skills and abilities available in organization.
- It helps in promotion and transfer of employees as it provides the information regarding job preferences and interest of employees.
- It provides guideline for decision making about displaying and effectively utilizing current human resource in organization.
- It helps to grab the opportunities for diversification and expansion of operation.
- Skills deficiency of employees can be managed effectively in an advance.

- It provides information for job appraisal by rating their performance.

This aids the HR managers to make better decisions in all areas, including but not limited to:

1. Hiring qualified staff for meeting current as well as future needs of various business departments
2. Allocation of right employee to the right job
3. Ensuring organisational success by efficient staffing
4. Analysing current deficits and taking up the right training programs to bridge the skill gaps
5. Strategizing a workforce plan for future needs of business.

Having an updated skills inventory benefits the HR as they can efficiently evaluate and compare information on several employees within the organisation. This can then be used to decide upon items like promotions, trainings, raises and future recruitment need of the organisation. However, it is of utmost importance that the HR inventory is updated frequently to ensure it is relevant and useful. Gathering accurate information on each employee in the company is often a time-consuming and cumbersome task, which is very challenging if maintained on paper. As the human resource inventory is also known as the 'snapshot' of an organisation, a static inventory is of no value.

4.6 Human Resource Demand and Supply Forecasting:

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

4.6.1 Forecasting Human Resource Supply

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

4.6.2 Forecasting External Human Resource Supply

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

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

4.6.3 Qualitative Techniques for Forecasting HR demand

Delphi Method

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

economical, demographical, technological, legal, and social conditions outside of the organization, as well as production, sales, turnover, experiences, and education levels of the workforce within the organization. This method involves several stages. During the process, experts are not permitted to engage in direct face-to-face contact or communication. This is to prevent groupthink, influence of others, or confrontation of experts, which can influence the results. First, experts must be identified to participate in this task. Second, each expert is asked to submit HR demand forecasts, including specification of sources of information and assumptions used to estimate demand. In the Next stage, each submission is gathered by the Human Resource planning group, which then summarizes the results.

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

Nominal Group Technique

The nominal group technique (NGT) was first developed by Delbecq and VandeVen as an alternative to individual brainstorming of ideas. This process involves multiple experts (usually line and department managers) meeting face to face to discuss independently formulated positions of an organizational issue, with the ultimate aim of securing an accurate assessment of a given situation. It can be used to help forecast Human Resource demand for an organization or can be used to solve other organizational issues.

Scenario Analysis

Scenario analysis provides multiple estimates of future Human Resource demand, contingent on a unique set of assumptions and circumstances for each scenario. This method involves recognizing uncertainties about the future. An organization can create Human resource estimates accordingly, one for a constant economic situation (e.g., zero growth), a second for some anticipated economic growth (e.g., five percent growth), and a third for the possibility of economic decline (e.g., five percent reduction). Expert brainstorming activities help to develop agreement on long-range factors and the impact of changes on the Human Resource forecasts. These can include internal changes (e.g., adoption of new technology, productivity or workforce changes) or external changes (economic position, legal requirements, competitive changes) that cannot be predicted with confidence to have a single effect. The possible result of these changes will create a forecast for each possible scenario that the organization can expect.

Benefits

1. Human Resource Planning ensures a smooth supply of right type & right number of employees with adequate knowledge, experience and aptitudes at all levels and at all time.
2. It identifies Human Resource gaps, if any, & helps in the implementation of corrective action plans to avoid any loss of work or money to the organisation.
3. Human Resource Planning helps in the optimum utilization of the available Human Resource & helps reduce any wastage.
4. HRP anticipates any future manpower gaps & motivates the employees by chalking out plans like a career planning & succession planning.

5. Human Resource Planning also facilitate the provisions the provision of infrastructure in the organization by giving an estimate of the future headcount.

6.

4.7 Forecast Current and Future HR Needs

Human resources professionals are responsible for staffing positions, training employees, providing benefits and handling any problems or disciplinary actions that occur. The day-to-day responsibilities of managing the workforce can leave little time for long-range planning. Human resources need to engage in strategic planning in order to fulfill the company's mission as it relates to the workforce. Without annual strategic planning, the company may find they are not prepared to meet future staffing or training needs.

4.7.1 Participate in strategic planning. Human resources is part of the strategic planning team and a partner in determining the company's future growth. Recruiting and retaining talented employees are key to high performance, innovative thinking and productivity. Human resources professionals not only execute senior management's strategic plans; they are now part of the planning process. Since human resources has the skills, education and experience needed to fill positions, it can help in the budgeting process and develop timelines for recruiting.

4.7.2 Determine the current level of staffing and expertise. Human resources' employee information and payroll data can create a picture of the company's current status. The number of employees, their current training levels and needs, education and performance levels give a picture of the strength of the workforce. The data shows where expertise is lacking and any difficulties in recruiting and retaining employees to fill current positions. This picture of the current state of the company's human capital provides a baseline to determine future needs.

4.7.3 Conduct a gap analysis. The difference between a company's current state and its future strategic staffing plan will determine future HR needs. A company with a manual accounting system may set a goal to change to an automated computer system within the next three years. Human resources would review and analyze the new systems, complete a job analysis for positions needed to implement and maintain the new systems, create job descriptions for the new positions and determine staffing needs for these positions. The number of positions and requirements for those positions are the gap between the current expertise and future staffing needs.

4.7.4 Strategic planning includes budget analysis, forecasting and determining the new mix of employees. With any change, there may be positions that are no longer needed. Human resources would then create a plan and set a timetable for a reduction in current positions, severance packages and career-transition resources for terminated employees.

4.7.5 Downsizing

Downsizing refers to the permanent reduction of a company's workforce and is generally associated with corporate reorganization, or creating a "leaner, meaner" company. For example, the database developer Oracle Corporation reduced its number of employees by 5,000 after acquiring rival PeopleSoft. Downsizing is certainly not limited to the U.S.; Jamaica Air cut 15 percent of its workforce in an effort to trim expenses and anticipated revenue shortfalls.

Downsizings such as these are also commonly called reorganizing, reengineering, restructuring, or rightsizing. Regardless of the label applied, however, downsizing essentially refers to layoffs that may or may not be accompanied by systematic restructuring programs, such as staff reductions, departmental consolidations, plant or office closings, or other forms of reducing payroll expenses.

Corporate downsizing results from both poor economic conditions and company decisions to eliminate jobs in order to cut costs and maintain or achieve specific levels of profitability. Companies may lay off a percentage of their employees in response to these changes: a slowed economy, merging with or acquiring other companies, the cutting of product or service lines, competitors grabbing a higher proportion of market share, distributors forcing price concessions from suppliers, or a multitude of other events that have a negative impact on specific organizations or entire industries. In addition, downsizing may stem from restructuring efforts to maximize efficiency, to cut corporate bureaucracy and hierarchy and thereby reduce costs, to focus on core business functions and outsource non-core functions, and to use part-time and temporary workers to complete tasks previously performed by full-time workers in order to trim payroll costs.

4.7.6 What is rightsizing? Definition and meaning

Rightsizing is the process of a company restructuring or reorganizing itself by reducing its workforce, cost-cutting, or rearranging its upper management. The aim is to streamline the business so that it can make a profit more effectively. Technically, the term means adapting the company to market conditions, which in theory could also mean increasing the workforce. In IT (information technology), the term refers to the process of reorganizing or restructuring an organization's network, IT infrastructure, data center, storage, hardware or other components in an attempt to get the maximum value from those services. In today's fast-changing business environment, the ability to adapt and respond rapidly is crucial for survival. Cutting staff numbers has become much more common in the world of business since the 1980s. Rightsizing is one of many euphemisms for making people redundant – the following terms are sometimes used for the same reason:

- delivering
- downsizing
- excess reduction
- leveraging synergies
- recession
- redeployment
- RIF (reduction in force, especially in the civil service)
- simplification
- smart sizing
- workforce optimization

4.7.7 Rightsizing vs. downsizing

The term downsizing has virtually the same meaning. Business leaders often use 'rightsizing' because it sounds less alarming, as in: "After three consecutive quarters, the Board decided that rightsizing was necessary." The more cynical among us might say that the term is a euphemism for mass layoffs. Rather than telling people that mass redundancies are going to take place, saying that it is now time for rightsizing sounds less drastic. Technically, downsizing means having to reduce the workforce, while rightsizing is just adjusting the workforce to get it to the right size – this could mean increasing the number of workers (rare). When you right size, you typically do so on an ongoing basis, while downsizing is a specific action. Any business that calls layoffs 'rightsizing', but the move is a short-term one, is more likely downsizing.

4.8 Summary

Human Resource Inventory, also known as the skills inventory comprehensively lists down the basic information on all the employees, like their education, experience, skills, age, gender, salary related data, job preferences and special achievements. It is a vital tool used in HR planning and policy making. The information contained in the human resource inventory should

be such that it is not only relevant to the current job position that an employee holds, but can also be used by recruiters to consider the individual for other job openings that might come up in the future.

4.9 Key Words

Human Resource Inventory : Also known as the skills inventory comprehensively lists down the

basic information on all the employees, like their education, experience, skills, age, gender, salary related data, job preference

and special achievements.

Rightsizing : Is the process of a company restructuring or reorganizing itself by reducing its workforce, cost-cutting, or rearranging its upper management.

Downsizings : Such as these are also commonly called reorganizing, reengineering, restructuring, or rightsizing.

4.10 Self-Assessment Questions

1. What is HR Inventory? Explain the importance of HR Inventory
2. Explain the role of HR inventory in skill assessment.
3. How would you identify the HR Supply and Demand?

4.11 Further Readings

1. Human Resource Management – K. Aswatappa, Tata McGraw-Hill Education, 2010.
2. Human Resource Management: Text and Cases – VSP Rao, Excel Books, 2010.
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LESSON -9

RECRUITMENT

Learning Objectives

- To discuss the Recruitment policy in the organisation
- To study the Sources of Recruitment
- To Elaborate the Methods of External Sources of Recruitment

Structure

9.0 Introduction
9.1 Recruitment Policy
9.2 Sources of Recruitment
9.3 Internal Sources
9.3.1 Advantages of Internal Sources
9.3.2 Disadvantages of Internal Sources
9.4 External Sources
9.4.1 Methods of External Sources
9.4.2 Merits of External Sources
9.5 Suitability of External sources of Recruitment
9.6 Summary
9.7 Key words
9.8 Self Assessment questions
9.9 Further Readings

9.0 Introduction

Recruiting is more likely to achieve its objectives if recruiting sources reflect the type of position to be filled. For example, an ad in the business employment section of the Wall Street Journal is more likely to be read by a manager seeking an executive position in the \$150,000- to \$225,000-a-year bracket than by an automobile assembly-line worker seeking employment. Similarly, an interviewer trying to fill a management-training position who visits a two-year vocational school in search of a college graduate with undergraduate courses in engineering and a master's degree in business administration is looking for the right person in the wrong place. Moreover, the Internet is rewriting all the rules.

Jobs at all levels are currently being advertised on the Internet and can potentially reach literally millions of people. Certain recruiting sources are more effective than others for filling certain types of jobs. As we review each source in the following sections, we will emphasize their strengths and weaknesses in attempting to attract lower-level and managerial-level personnel.

Once it is determined what types of jobs in how many numbers are to be filled up with the qualifications fixed, the next step is for search of qualified people. Hiring of people involves these broad groups of activities but not mutually exclusive viz., recruitment, selection and placement. Recruitment is the first step in the process of filling vacancy. Recruitment is the generating of applications or applicants for specific positions to be filled up in the organization. It is a process of searching for and obtaining applicants for jobs so that the right people in right number can be selected.

According to Dale Yoder, "Recruitment is a process to discover the source of manpower to meet the requirements of staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force."

According to Bergmann and Taylor, "Recruitment is the process of locating, identifying, and attracting capable applicants."

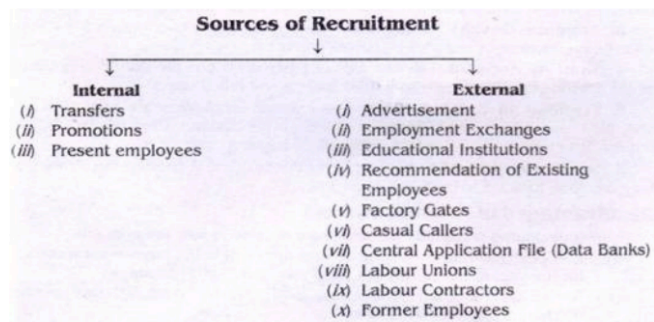
Following are the principles of recruitment policy.

1. Centralized recruitment policy.
2. Recruitment compatible with personnel policy of the organization.
3. Merit being the basis.
4. Qualification and experience compatible with job analysis.
5. Rules and procedure to be transparent and adequately published through circular, notices and newspaper advertisements.
6. Proper mix of internal and external candidates.
7. Statutory policies to be followed.
8. Recruitment policy to be flexible enough to bring necessary amendments.

9.1 Recruitment Philosophy

1. It promotes good public relations
2. It builds morale
3. It encourages individuals who are qualified and ambitious
4. It improves the probability of a good selection, because information on the individual's performance is readily available
5. It is less costly than going outside to recruit
6. It helps with recruiting entry level workers
7. It reduces orientation and training costs
8. When carefully planned can also act as a training device for developing middle and top-level managers.

9.2 Sources of Recruitment



9.3 Internal Sources:

Best employees can be found within the organisation... When a vacancy arises in the organisation, it may be given to an employee who is already on the pay-roll. Internal sources include promotion, transfer and in certain cases demotion. When a higher post is given to a deserving employee, it motivates all other employees of the organisation to work hard. The employees can be informed of such a vacancy by internal advertisement.

The Internal Sources Are Given Below**1. Transfers:**

Transfer involves shifting of persons from present jobs to other similar jobs. These do not involve any change in rank, responsibility or prestige. The numbers of persons do not increase with transfers

2. Promotions:

Promotions refer to shifting of persons to positions carrying better prestige, higher responsibilities and more pay. The higher positions falling vacant may be filled up from within the organisation. A promotion does not increase the number of persons in the organisation.

A person going to get a higher position will vacate his present position. Promotion will motivate employees to improve their performance so that they can also get promotion.

3. Present Employees:

The present employees of a concern are informed about likely vacant positions. The employees recommend their relations or persons intimately known to them. Management is relieved of looking out prospective candidates.

The persons recommended by the employees may be generally suitable for the jobs because they know the requirements of various positions. The existing employees take full responsibility of those recommended by them and also ensure of their proper behaviour and performance.

9.3.1 Advantages of Internal Sources:**The Following are the Advantages of Internal Sources****1. Improves morale:**

When an employee from inside the organisation is given the higher post, it helps in increasing the morale of all employees. Generally every employee expects promotion to a higher post carrying more status and pay (if he fulfils the other requirements).

2. No Error in Selection:

When an employee is selected from inside, there is a least possibility of errors in selection since every company maintains complete record of its employees and can judge them in a better manner.

3. Promotes Loyalty:

It promotes loyalty among the employees as they feel secured on account of chances of advancement.

4. No Hasty Decision:

The chances of hasty decisions are completely eliminated as the existing employees are well tried and can be relied upon.

5. Economy in Training Costs:

The existing employees are fully aware of the operating procedures and policies of the organisation. The existing employees require little training and it brings economy in training costs.

6. Self-Development:

It encourages self-development among the employees as they can look forward to occupy higher posts.

(i) It discourages capable persons from outside to join the concern.

(ii) It is possible that the requisite number of persons possessing qualifications for the vacant posts may not be available in the organisation.

(iii) For posts requiring innovations and creative thinking, this method of recruitment cannot be followed.

(iv) If only seniority is the criterion for promotion, then the person filling the vacant post may not be really capable.

In spite of the disadvantages, it is frequently used as a source of recruitment for lower positions. It may lead to nepotism and favouritism. The employees may be employed on the basis of their recommendation and not suitability.

9.4 External Sources:

All organisations have to use external sources for recruitment to higher positions when existing employees are not suitable. More persons are needed when expansions are undertaken.

9.4.1 Methods of External Sources:**1. Advertisement:**

It is a method of recruitment frequently used for skilled workers, clerical and higher staff. Advertisement can be given in newspapers and professional journals. These advertisements attract applicants in large number of highly variable quality.

Preparing good advertisement is a specialised task. If a company wants to conceal its name, a 'blind advertisement' may be given asking the applicants to apply to Post Bag or Box Number or to some advertising agency.

2. Employment Exchanges:

Employment exchanges in India are run by the Government. For unskilled, semi-skilled, skilled, clerical posts etc., it is often used as a source of recruitment. In certain cases it has been made obligatory for the business concerns to notify their vacancies to the employment exchange. In the past, employers used to turn to these agencies only as a last resort. The job-seekers and job-givers are brought into contact by the employment exchanges.

3. Schools, Colleges and Universities:

Direct recruitment from educational institutions for certain jobs (i.e. placement) which require technical or professional qualification has become a common practice. A close liaison

between the company and educational institutions helps in getting suitable candidates. The students are spotted during the course of their studies. Junior level executives or managerial trainees may be recruited in this way.

4. Recommendation of Existing Employees:

The present employees know both the company and the candidate being recommended. Hence some companies encourage their existing employees to assist them in getting applications from persons who are known to them.

In certain cases rewards may also be given if candidates recommended by them are actually selected by the company. If recommendation leads to favouritism, it will impair the morale of employees.

5. Factory Gates:

Certain workers present themselves at the factory gate every day for employment. This method of recruitment is very popular in India for unskilled or semi-skilled labour. The desirable candidates are selected by the first line supervisors. The major disadvantage of this system is that the person selected may not be suitable for the vacancy.

6. Casual Callers:

Those personnel who casually come to the company for employment may also be considered for the vacant post. It is most economical method of recruitment. In the advanced countries, this method of recruitment is very popular.

7. Central Application File:

A file of past applicants who were not selected earlier may be maintained. In order to keep the file alive, applications in the files must be checked at periodical intervals.

8. Labour Unions:

In certain occupations like construction, hotels, maritime industry etc., (i.e., industries where there is instability of employment) all recruits usually come from unions. It is advantageous from the management point of view because it saves expenses of recruitment. However, in other industries, unions may be asked to recommend candidates either as a goodwill gesture or as a courtesy towards the union.

9. Labour Contractors:

This method of recruitment is still prevalent in India for hiring unskilled and semi-skilled workers in brick kiln industry. The contractors keep themselves in touch with the labour and bring the workers at the places where they are required. They get commission for the number of persons supplied by them.

10. Former Employees:

In case employees have been laid off or have left the factory at their own, they may be taken back if they are interested in joining the concern (provided their record is good).

11. Other Sources:

Apart from these major sources of external recruitment, there are certain other sources which are exploited by companies from time to time. These include special lectures delivered by recruiter in different institutions, though apparently these lectures do not pertain to recruitment directly.

Then there are video films which are sent to various concerns and institutions so as to show the history and development of the company. These films present the story of company to various audiences, thus creating interest in them.

Various firms organise trade shows which attract many prospective employees. Many a time advertisements may be made for a special class of work force (say married ladies) who worked prior to their marriage.

These ladies can also prove to be very good source of work force. Similarly there is the labour market consisting of physically handicapped. Visits to other companies also help in finding new sources of recruitment.

9.4.2 Merits of External Sources:

1. Availability of Suitable Persons:

Internal sources, sometimes, may not be able to supply suitable persons from within. External sources do give a wide choice to the management. A large number of applicants may be willing to join the organisation. They will also be suitable as per the requirements of skill, training and education.

2. Brings New Ideas:

The selection of persons from outside sources will have the benefit of new ideas. The persons having experience in other concerns will be able to suggest new things and methods. This will keep the organisation in a competitive position.

3. Economical

This method of recruitment can prove to be economical because new employees are already trained and experienced and do not require much training for the jobs.

9.4.3 Demerits of External Sources:

1. Demoralisation:

When new persons from outside join the organisation then present employees feel demoralised because these positions should have gone to them. There can be a heart burning among old employees. Some employees may even leave the enterprise and go for better avenues in other concerns.

2. Lack of Co-Operation:

The old staff may not co-operate with the new employees because they feel that their right has been snatched away by them. This problem will be acute especially when persons for higher positions are recruited from outside.

3. Expensive:

The process of recruiting from outside is very expensive. It starts with inserting costly advertisements in the media and then arranging written tests and conducting interviews. In spite of all this if suitable persons are not available, then the whole process will have to be repeated.

4. Problem of Maladjustment:

There may be a possibility that the new entrants have not been able to adjust in the new environment. They may not temperamentally adjust with the new persons. In such cases

either the persons may leave themselves or management may have to replace them. These things have adverse effect on the working of the organisation.

9.5 Suitability of External Sources of Recruitment:

External Sources of Recruitment are Suitable for the Following Reasons:

- (i) The required qualities such as will, skill, talent, knowledge etc., are available from external sources.
- (ii) It can help in bringing new ideas, better techniques and improved methods to the organisation.
- (iii) The selection of candidates will be without preconceived notions or reservations.
- (iv) The cost of employees will be minimum because candidates selected in this method will be placed in the minimum pay scale.
- (v) The entry of new persons with varied experience and talent will help in human resource mix.
- (vi) The existing employees will also broaden their personality.
- (vii) The entry of qualitative persons from outside will be in the long-run interest of the organisation.

9.6 Summary

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

9.7 Key words

Recruitment : Recruitment is the process of actively seeking out, finding and hiring candidates for a specific position or job. The recruitment definition includes the entire hiring process, from inception to the individual recruit's integration into the company.

Transfers : Transfer involves shifting of persons from present jobs to other similar jobs. These do not involve any change in rank, responsibility or prestige

Promotions : Promotions refer to shifting of persons to positions carrying better prestige, higher responsibilities and more pay

Advertisement : It is a method of recruitment frequently used for skilled workers, clerical and higher staff.

Self-Development: It encourages self-development among the employees as they can look forward to occupy higher posts

9.8 Self Assessment Questions

1. Briefly Explain Sources of Recruitment

2. Explain the Advantages and disadvantages of Recruitment
3. Discuss the Methods and Merits of External Source of Recruitment

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LESSON -10

SELECTION

Learning Objectives

- To Frame the Main Principles of Selection
- To Focused on the Selection process
- To Design the Developing Test Programmes

Structure

- 10.0 Introduction
- 10.1 Main Principles of Selection
- 10.2 Selection Process
- 10.3 Type of Test
- 10.4 Advantages of Testing
- 10.5 Disadvantages of testing
- 10.6 Developing Test programmes
- 10.7Summary
- 10.8 Key words
- 10.9 Self Assessment Questions
- 10.10 Further Readings

10.0 Introduction

Selection starts where recruitment ends. Selection is hiring the best candidates from the pool of applications. It refers to the process of offering jobs to one or more applicants from the applications received through recruitment. Selection is the process of picking the suitable candidates from the pool of job applications to fill various jobs in the organization.

Selection is an important function and it must be performed carefully. If unsuitable persons are selected, labour absenteeism and turnover will be high. Such persons will shirk their job and ultimately leave the enterprise. This will result in wastage of time, energy and money spent in hiring and training them. The efficiency of the organization will go down. The well-being of an organization depends greatly on the quality of its managers. Only sound selection of executives can build up the strong managerial structure of the enterprise. Errors in selection may prove very costly in future.

Proper selection is very helpful in building up a suitable workforce. If right people are selected for various jobs, their productivity and efficiency will be high. Therefore, the basic purpose of the selection process is choosing right type of candidates to man various positions in the organization. In order to achieve this purpose, a well-organized selection procedure is required. Each step in the selection procedure should provide more and more information about the candidate. Such information will facilitate decision regarding selection.

According to Lee J. Groobach, "A test is a systematic procedure for comparing the behaviour of two or more persons."

Milton M. Blum defines test as "a sample of an aspect of individual's behaviour, performance and attitude."

10.1 Main Principles of Selection:

The success of an industrial enterprise depends upon the fact of whether the selection has been made properly according to the principles of selection or not. If proper selection of best workers and employee's has been made, the enterprise may be successful in achieving its objectives. If proper selection has not been made, the enterprise may not be successful in achieving its objectives. Therefore, the selections in a big industrial enterprise must be based on some certain principles as follows-

1. Policy of recruitment in accordance with the object of enterprise:

The recruitment policy of the must be in accordance with the pre-determined objectives of the enterprise so that help in the achievement of objectives of the enterprise.

2. Observation of government rules and regulations:

Before formulation the policy of the recruitment and selection for the enterprise, Government rules and regulations of selection must be thoroughly understood and followed, especially either reference to the rules of reservation that no legal complication may arise at later stage after the recruitment is made.

3. Recruitment by a Committee:

The right to recruit the workers and employees must be assigned to a committee of capable, efficient, experienced, senior and responsible officers of the company. Entire work of the process of recruitment must be performed by a committee and not by any individual officer so that fair selection may be assured.

4. Clear Policy of Recruitment:

The policy of recruitment must be definite and clear so that it may easy be implement without facing any complications.

5. Flexibility:

The recruitment policy must be flexible so that necessary changes may be made in it according to the need of the enterprise.

6. Impartiality:

The recruitment policy must be such that fair selection maybe assured. Only the best and capable candidate must be selected only on the basis of merit.

7. Job Security:

Security of job must be assured to every worker and employee of the enterprise **right at the time of his appointment so that he may contribute his efforts to the achievement of organizational objectives.**

8. Opportunity of Development to the Employees:

The selection policy of the enterprise must be prepared in the manner that it may provide challenging opportunities to the employees of the enterprise based on their ability and performance. It will always pursue them to do more and better to best the work.

It is a fact, that the people working in the organization make all the difference. Choosing the right person for the job is critical to the organization's success. Faulty selection or choice can have a far-reaching impact on the organizational functioning and performance. Wrong or inappropriate selection is a costly mistake to the organization. It would demoralize the employees and also demotivate the rest of the work force. Though perfect match between the employee and the jobs is not always possible, scientific methods of selection for establishing better fit between the two are of immense importance.

10.2 Selection process

Following are the steps involved in a standard selection process:

1. Preliminary Interview
2. Application Blank
3. Selection Tests
4. Selection Interview
5. Reference checks
6. Physical Examination
7. Final selection

1. Preliminary interview

The purpose of preliminary interview is to eliminate the totally unsuitable candidates. It is generally brief and may take place across the counter in the employment office of the company. It consists of a short exchange of information regarding the candidate's age, qualifications experience and interests, it helps to determine whether it is worthwhile for the candidate to fill in an application form. It saves the expense of processing unsuitable candidates and saves the candidate from the trouble of passing through the long procedure. Preliminary interview provide basic information about candidates. While providing important information, applications and curriculum vitae of the candidate tend not to be extremely useful for making final selection decisions

2. Application Blanks

This is a method for getting information from a prospective candidate. This serves as a personal record of the candidate bearing personal history profile, detailed personal activities, skills and accomplishments. Almost all organizations require job seekers to fill up the application. Usual contents are as follows:

- i. Biographical information – Age, father's name, sex, nationality, height, marital status.
- ii. Educational information - Name of the institutions where the candidate studied – marks – Divisions – Distinctions.
- iii. Work Experience – previous experience – nature of job – salary – duration – reason for quitting.
- iv. Salary – last salary drawn – minimum salary acceptable.

v. Extra-curricular information – NSS – NCC – hobbies etc.

vi. References – Name and address.

3. Selection Tests

Tests have become an important device in the process of selection. These are used for efficient performance of the job. Several types of tests are used to measure such skills and abilities which are needed in practice for screening applicants. Written tests may be descriptive or objective in nature. The personality tests are having meagre popularity in employee's selection, greatly because they are difficult to defend legally. However, they are re-earning vital importance, and opportunities are that at some point in the career of employees they have to complete certain personality tests

4. Employment Interview:

Personal interview is perhaps the most widely used method for selecting employees. It is a face-to-face talk between the employer and the candidate. It is more thorough and comprehensive than the preliminary interview. The main purposes of employment interview are:

- (a) To check the information obtained in earlier steps,
- (b) To seek more information about the candidate,
- (c) To test the qualities of the candidate, and
- (d) To inform the candidate about the job and the organization. Personal and social traits like aptitude, interest, motivation, communicating skill, etc. can better be judged in an interview. Employment interview, however, suffers from several weaknesses.

First, interview is a time-consuming and expensive device.

Secondly, interviews can test only the personality of the candidate and not his ability for the job. Thirdly, interview process depends too much on the personal judgment of the interviewers. Inaccuracy and bias in judgment may yield misleading results. Fourthly, interviewers may not be able to elicit required information from the candidate. Finally, very often interview is interpreted as having greater meaning and validity than is justified. Answers to questions may not reveal the 'real man'. Appearance may be deceptive. A candidate good at interview may prove a failure on the job.

5. Checking References:

Candidates are usually required to provide some references, i.e. names of person whom inquiries as to his educational background, experience, ability, character, etc., could be addressed. A referee can be a useful source of information in case he is sufficiently knowledgeable and truthful. He may be the previous employer or teacher of the candidate. Before making final selection, the enterprise may contact the references to seek information on the candidate's ability and integrity. A letter of recommendation may also be asked from the candidate. Checking the references may help to point out discrepancies regarding the candidate's previous employment, past salary and reasons for leaving the job. However, reference checks are not very reliable in practice because In general the references do not know the person well enough or they are biased in his favor. Moreover, the person they do

respond when approached. They may be persuaded to give opinions frankly by giving an assurance that all information will be treated as strictly confidential. Some employers do have policies that preclude employees from providing reference information and it is always risky to ask candidates to self-selected reference

6. Group Discussion:

This method is being increasingly used for the selection of executives and civil servants. Under this method, several candidates are brought together and given a topic for discussion. Interviewers sit at the back and observe how each candidate participates in the discussion. This method reveals personality characteristics, communication skills, ability to get on with others, ability to appreciate others' ideas, etc. The candidate cannot be supposed to be different than what he really is. His personality asserts itself and is revealed in his attitude and behavior during the crossfire of a discussion. The interactions emerging out of group discussions are analyzed to judge the orientation and their selling skills. Such analysis is known as interaction analysis. 7. Physical Examination: Physical or medical examination of candidate is carried out to ascertain his physical fitness for the job. It can vary from a simple check of physical appearance and wellbeing to a very comprehensive examination. Some companies accept the medical certificate obtained by a candidate from a qualified physician. Other requires the candidate to pass the fitness test conducted by an expert appointed by the organization. A proper medical examination will ensure high standard of health and physical fitness for the employees. It will reduce the rates of absenteeism, accidents and labour turnover. A thorough medical checkup candidate fulfils three objectives; first, it helps to ascertain the applicant's physical capability to meet the job requirement. Secondly, it helps to prevent communicable diseases entering the organization. Thirdly, it protects the organization against unwarranted claims under the Workmen's Compensation Act

7. Final Approval

After screening the candidates a list of suitable candidates is prepared. The list is sent to the line manager who requisitioned the personnel. He gives the final approval. The candidates formally approved by the manager concerned are appointed by issuing appointment letter and concluding service agreements. Generally, the candidates are appointed on probation for one or two years. This is because no selection procedure is foolproof. If during the probation period, an employee is found unfit he may be transferred to some other job. Alternatively, he may be given time and training to improve himself. If the organization cannot offer him a job which he can do well, his services may be terminated after due notice.

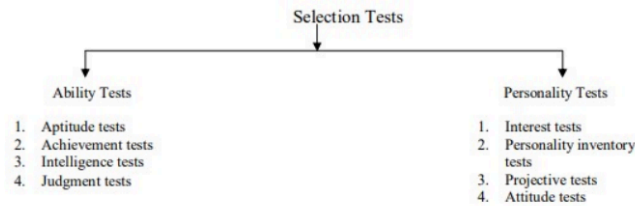
In simple words, test is a systematic procedure for sampling human behaviour. Tests may be for psychological testing and for testing specific abilities and skills. Psychological tests may be conducted for various purposes:

- i. Guiding and counselling
- ii. Career guidance
- iii. Research on human behaviour and personality
- iv. Employment selection for placement
- v. For appraising employees' promotional potentials

vi. For counselling to perform better in their jobs.

10.3 Types of tests

Broadly there are two types of tests viz., 1) Ability tests and 2) Personality tests.



10.3.1 Ability tests

Aptitude tests measure ability and skills of the candidate. These tests measure and indicate how well a person would be able to perform after training. Thus aptitude tests are used to predict the future ability. There are two objectives of the aptitude tests. One to advice youth or job seekers regarding the field where they are likely to succeed. This is Ability Tests

1. Aptitude tests
2. Achievement tests
3. Intelligence tests
4. Judgment tests

10.3.2 Personality Tests

1. Interest tests
2. Personality inventory tests
3. Projective tests

Attitude tests called 'vocational guidance.' Second to select best persons for jobs where they may succeed. This is called 'vocational selection.' There are specific aptitude tests for mechanical aptitude test, clerical aptitude test, management aptitude test etc.,

Achievement test

Achievement test measures the person's potential in a given area or job. In other words, these tests measure what a person can do based on skill or knowledge already acquired.

Intelligence test

Intelligence tests measure general ability for intellectual performance. The core concept underlying the intelligence test is mental age. It is presumed that with physical age, intelligence also grows. There may be exceptions to this rule. If a five year old child does the

test for six years or above, his or her mental age would be determined accordingly. Mental age is generally indexed in terms of Intelligence Quotient (IQ) and calculate using the following formula:

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

It means that IQ is a ratio of mental age to actual age multiplied by 100. IQ levels may vary because of culture and exposure. Intelligence testing in industry is based on the assumption that if organization can get bright, alert employees quick at learning, it can train them faster than those who are less endowed.

Judgment test

These tests are designed to know the ability to apply knowledge in solving a problem.

10.3.2 Personality tests

Interest tests

These tests discover a person's area of interest and to find the kind of work that would satisfy him. The most widely used interest test is Kuder Reference Record. It consists of three forms. The first form measures vocational interest such as mechanical, computational, artistic, literary, music and clerical interest. The second form measures vocational interest such as group activities, avoiding conflicts etc. The third form of interest measures preference to particular occupations such as accountants, salesman, managerial position etc.

Personality tests

These tests are also known as 'personality inventories.' These tests are designed to measure the dimensions of personality i.e., personality traits such as interpersonal competence, dominance, submission, extroversions – introversions, self-confidence, ability to lead and ambition.

Projective tests

These tests are based on pictures or incomplete items. The candidate is asked to narrate or project his own interpretation on these. The way in which the candidate responds, reflects his or her own values, motives, attitude, apprehensions, personality etc. These tests are called projective because they induce the candidate to put himself or herself into the situation to project the test situation.

Attitude tests

These tests are designed to know the candidate's tendencies towards favouring or otherwise to people, situations, actions and a host of such other things. Test of social responsibility, authoritarianism, study of values, employees morale are the well-known examples of attitude tests.

10.4 Advantages of testing

The merits of testing for selection are many.

- i. Such tests predict future performance of personnel and for transfer, promotion etc.

- ii. It is a method of diagnoses of the situation and behaviour.
- iii. Cost effective - as test administered to a group saves time and cost.
- iv. Uncovers qualifications and talents, which cannot be detected from application blanks and interviews.
- v. Tests serve as unbiased tools of selection process.
- vi. Tests being quantifiable, yield themselves to scientific and statistical analysis.

Disadvantages of Testing

10.5 Disadvantages of Testing

The Tests Suffer From The Following Disadvantages:

1. Unreliable:

The inferences drawn from the tests may not be correct in certain cases. The skill and ability of a candidate may not be properly judged with the help of tests.

2. Wrong Use:

The tests may not be properly used by the employees. Those persons who are conducting these tests may be biased towards certain persons. This will falsify the results of tests. Tests may also give unreliable results if used by incompetent persons.

3. Fear of Exposure:

Some persons may not submit to the tests for fear of exposure. They may be competent but may not like to be assessed through the tests. The enterprise may be deprived of the services of such personnel who are not willing to appear for the tests but are otherwise suitable for the concern.

10.6 Developing test programme

The main steps are

- a) **Deciding the objectives** – The objectives of the test programme may be hiring, promoting and counseling of people.
- b) **Analyzing jobs** – Jobs are duly analysed to identify as to which human traits and skills are necessary for the job.
- c) **Choosing tests to measure characteristics** – reliability, validity, ease of administration, cost involved are important criteria in the choice.
- d) **Administration of tests.**
- e) **Test results and evaluation.**

10.7 Summary

Individuals differ in many respects including job-related abilities and skills. In order to select a right person for the job, individual differences in terms of abilities and skills need

to be adequately and accurately measured for comparison. This is done through a device called 'selection test'. Selection test is a device that uncovers the information about the candidate which are not known through application blank and interview. In this way, selection test is an adjunct to a selection method.

10.8 Key words

- Selection : Selection is hiring the best candidates from the pool of applications.
- Achievement test : Achievement test measures the person's potential in a given area or job.
- Group Discussion : Under this method, several candidates are brought together and given a topic for discussion
- Intelligence test : Intelligence tests measure general ability for intellectual performance
- Interest tests : These tests discover a person's area of interest and to find the kind of work that would satisfy him.
- Projective tests : These tests are based on pictures or incomplete items. The candidate is asked to narrate or project his own interpretation on these.
- Attitude tests : These tests are designed to know the candidate's tendencies towards favouring or otherwise to people, situations, actions and a host of such other things

10.9 Self Assessment Questions

1. What do you understand by selection? Explain in brief the steps involved in selection procedure.
2. Discuss various types of employment tests normally taken by the industrial organisations.
3. What are the major problems of the interview as a selection device? What can management do to reduce some of these problems?
4. Discuss the importance and limitations of psychological tests in employee selection

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LESSON -11

INTERVIEW

Learning objectives

- To Examine the Employment Interview
- To discuss the Selecting the Managerial Personnel
- To find out the Guidelines for Effective Interview

Structure

- 11.0 Introduction
- 11.1 Employment Interview
- 11.2 Selecting Managerial Personnel
- 11.3 Limitations of Interview
- 11.4 Guidelines for Effective Interview
- 11.5 Summary
- 11.6 Key words
- 11.7 Self Assessment Questions
- 11.8 Further Readings

11.0 Introduction

An interview may be defined as a systematic and scientific process used in the employee selection which helps to acquire needed information with regard to the candidate's capabilities and his interest, aptitude and knowledge required for the job and also to provide him the requisite information about the concerned organisation through face-to-face communication, thus creating a feeling of trust and confidence in the mind of the prospective candidate.

According to Jucius Michael, "An interview is a face-to-face, oral observational and personal appraisal method". It is used as a means of getting information from the candidate. It also includes giving information that will help the applicant make his mind about the company.

11.1 Employment Interview

1. Patterned, Structured or Guided Interview:

This is the most common method of interview. It is a pre-planned interview and more carefully designed to have a high degree of accuracy, precision and exact side. Under this type of interview a list of questions to be asked by the interviewer is prepared in advance on the basis of job specification, and to secure information from the candidate. The main purpose of this type of interview is fact-finding and not awarding a judgment. It measures personality, motivation and interest of the candidate, because this information cannot be secured from elsewhere. This type of interview is useful in selection of semi-skilled employees. It is also called as directed or standardised interview. It assists in proper evaluation of the personality, attitude and motivation of the candidate. It guards against faulty conclusion, due to bias.

2. Unstructured or Unguided Interview:

It is an unstructured and non-planned interview. Therefore it is called as “non-directed interview” also. It is designed to let the interviewee speak his mind freely. The idea is to give candidate complete freedom to sell himself without the encumbrances of the interviewer’s questions. It is not directed by pre-determined list of questions.

It is very flexible in nature, candidate feels very comfortable and free. Full freedom is given to him to discuss and express his points of view and ideas. The basic objectives of this type of interview are to find out the feeling, desire or problems of the candidate.

The interviewers look for trait of character and nature of his (candidate’s) aspiration and his strength and weakness, manifest or potential. For conducting such type of interview, interviewer must be highly skilled and competent. This type of interview is more often used in situation other than hiring such a counselling, processing of grievances and exit interviews.

3. Depth Interview:

The object of this interview is to examine intensively the candidates’ background and thinking and to go into considerable details on particular subject of an important nature and of social interest of the candidate. It is semi structured in nature and questions are used in key areas, which have been studied in advance by the interviewer.

The typical subjects are discussed in such type of interview. The interviewer, as well, provides instructional information about his organisation, the nature of work, pay, opportunities for advancement and demands likely to be made on the employee. The capability of performance of the candidate in the specific area of work can be well-judged by asking relevant questions by the specialist interviewers.

4. Stress Interview:

Under this type of interview the strain is put on the candidate deliberately. It is designed to test the candidate and his conduct and behaviour by putting him under conditions of stress and strain. Usually the interviewer in such a stress circumstances asks questions rapidly, criticizes the interviewee’s answers, interrupts him frequently, too many questions are asked at a time by many interviewers, makes negative remarks, tries to put him in an awkward situation, and carefully watches the interviewee’s emotional stability and balance.

The purpose of the interview is to find out how the candidate behaves in a stress situation and see whether he loses his temper, gets confused or frightened. This type of interview does not necessarily reveal how a candidate will behave in real stressful life situations involved on job.

5. Group Interview:

It is also called as Discussion Interview. In this type of interview, groups rather than individuals are interviewed. A group of candidates (interviewees) is given certain problem and is asked to come to specific decision within a given time. The interviewer sits over there and watches the interviewees.

The candidates enter into group discussion. The interviewer observes as to who has assumed leadership and the process by which leadership is exercised and how it is accepted by the other members of the group. Group interview is generally conducted in a situation where leadership ability is to be observed.

Group interview is resorted to for selecting management personnel. The object of this interview is, to see how well individuals perform on the particular task or in a particular situation. It is designed to save time, labour and cost and to see how the candidates react to and against each other.

6. Panel or Board Interview:

In panel or board interview, candidate is screened by a group of interviewers who are specialists in their respective fields. This type of interview is just opposite to "Group Interview." A candidate is interviewed by a number of interviewers, and the questions are asked by them in serial or in random order.

The interviewee is required to answer and to have dialogue with many interviewers at a time. This may cause pressure on the candidate. This is not a good practice. This type of interview pools the collective judgement and wisdom of the panel of interviewers in the assessment of the candidate. The members of panel of board jointly evaluate the performance of the candidate.

7. Formal Interview:

Formal interview may be held in the employment department by the employment officer in a more formal atmosphere with the help of pre-planned questions and schedule, with predetermined procedures and practices. It may also be called as "planned Interview".

8. Informal Interview:

It is an oral interview that may take place anywhere. Usually when staff is required urgently on some specific job, this type of interview is conducted. Informal interview is not at all pre-planned and scheduled. Informally the questions are asked to the candidates.

11.2 Selecting the Managerial Personnel

1. Preliminary Interview:

This interview is conducted as the first step of selection process. Its purpose is to eliminate totally unsuitable candidates in the very beginning of selection process.

2. Patterned or Structured Interview:

This is most common interview. In this, every aspect of questionnaire is decided in advance such as questions to be asked, sequence of questions, time to be allotted to it, etc. At the time of interview, there is no or little deviation in this planning. The scores of candidates are compared with a standard score to determine the selection.

3. Non Directive Interview:

This is also known as free or unorganised interview. This interview is unstructured and unplanned. In this interview, interviewee is allowed to express himself; he is free to talk about the subject selected by interviewer. Candidate is encouraged to tell about himself, his likes, dislikes, choices, family background, upbringing, expectations, etc.

The purpose of this interview is to check the inner qualities of a person.

4. Depth or Action Interview:

This interview studies the interviewee deeply, his beliefs, values, home life, experience, aptitude, hobbies, interests, etc. The idea of this interview is to get a complete picture about the interviewee.

5. Group Discussion Interview:

Groups are interviewed in this interview, not the individuals. A situation is given to the teams for group discussion without telling the traits which would be tested.

Interviewer locates those in the interview. Team which take the lead in the group discussion, who speak well, who clarify issues, who have the knowledge and who summarise.

Through this analysis, the interviewer can form the opinion about group members and base his selection decision on the assumption that candidates will perform in the same way in the organisation as they did in group discussion.

6. Panel or Board Interview:

When one person is interviewed by several persons at the same time, it is called as panel interview. Interviewers may ask questions turn wise or randomly or as the situation demands. Generally, all candidates are asked same questions so that answers can be compared. Panel interviews are also known as committee interviews.

7. Stress Interview:

This interview is conducted to test how a person performs under stress. Stress is created at the time of interview by the interviewer. To create stress, interviewer asks rapid questions, criticises the answers of interviewee, annoys him, disturbs him, argues with him and puts him in awkward situation.

The result of interview tells about the performance of candidate whether he remains calm or loses temper or gets confused.

Judicial use of stress interview may be helpful for interviewer in selection.

11.3 Limitations of Interview

Research studies have firmly established that, among all selection methods, interview has been the most researched and carefully documented method. However, interview suffers from some limitations also.

1. Interviewers may not have a clearly defined technique developed. This results in lack of validity in evaluation of the candidate.
2. There is always variation in offering scoring points to the candidate by the interviewers.
3. Interview can help judge the personality of the candidate but not his ability for the job.
4. A single characteristic of the candidate found out on the basis of interview, may affect the judgment of the interviewer on other qualities of the applicant. This is called 'halo effect'.
5. The biases of interviewers may cloud the objectivity of interview.
6. Finally, interview is a time consuming and expensive device of selection.

The above listed limitations or defects in interview underline the need for observing certain guidelines to make interviews more effective.

11.4 Guidelines for Effective Interviewing

Below are given some guidelines if observed can make interview more effective:

1. The interview should have a definite time schedule known to both the interviewers and the interviewee.
2. Interview should be conducted by the competent, trained and experienced interviewers.
3. The interviewers should be supplied with specific set of guidelines for conducting interview.
4. The interviewers should ensure an element of privacy for the interviewee.
5. A resume for all the candidates to be interviewed should be prepared and the same be made available to the interviewers before the interview starts.
6. The interview should not end abruptly but it should come to close tactfully providing satisfaction to the interviewee.
7. The interviewers should show their sensitivity to the interviewee's sentiments and also sympathetic attitude to him/her.
8. The interviewers should also evince emotional maturity and a stable personality during the interview session.

11.5 Summary

An interview is an opportunity to showcase your relevant strengths, experience, and interest in the position for which you are applying. An interview is also a chance for you to ask questions of the employer to find out if the position is a good fit for you.

Interviewing requires advanced planning, preparation, and practice.

1. Interviewing is an interactive process. An interview is a conversation with a purpose.
2. Interviewers are human too!
3. You, too, have decisions in the interview process.

11.6 Key words

Pattern Interview- It is a preplanned interview and more carefully designed to have a high degree of accuracy, precision and exact side

Unstructured or Unguided Interview- It is an unstructured and non-planned interview. Therefore it is called as "non-directed interview" also

Stress Interview- This interview is conducted to test how a person performs under stress. Stress is created at the time of interview by the interviewer

Panel or Board Interview- When one person is interviewed by several persons at the same time, it is called as panel interview

Non Directive Interview- This is also known as free or unorganised interview. This interview is unstructured and unplanned. In this interview, interviewee is allowed to express himself.

Exit Interview- The exit interview is generally conducted at the time when an employee is leaving the business organisation

11.7 Self Assessment Questions

1. Explain the Procedure of Employee Interview in the Industry ?
2. Describe how to Select the process of Managerial Personnel ?
3. Examine the Limitations of the Interview?
4. Outline the Guidelines for Effective Interview?

11.8 Further Readings

1. Arun Monappa (2004); Industrial Relations; Tata Mc Graw-Hill Publishing Company Limited, New Delhi.
2. William R Spreigel and Edwards Schultz: Industrial Management, 2007
3. T.N. Chhabra & R.K. Suri (2007); Industrial Relations (Concepts and Issues) Dhanpat Rai & Co. (Pvt.) Ltd; Delhi
4. A.M. Sarma (2008); Industrial Relations (Conceptual and Legal Framework); Himalayan Publishing House, New Delhi.
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LESSON -12

INDUCTION

Learning Objectives

- To Understand the contents of Induction programme
- To Study the Orientation procedure
- To Learn the significance placement of workers
- To Highlight the Process of socialization

Structure

- 12.0 Introduction
- 12.1 contents of Induction Programme
- 12.2 Induction Procedure/Techniques
- 12.3 Orientation Procedure consists of following steps
- 12.4 Probation
- 12.5 Placement of employees
- 12.6 Significance of Placement
- 12.7 Right Placement of workers have the following advantages
- 12.8 Considerations in placement of new employees
- 12.9 Socialization
- 12.10 Process of Socialization
- 12.11 Summary
- 12.12 Key words
- 12.13 Self Assessment questions
- 12.14 Further Readings

12.0 Introduction

The new employee, on his joining the organisation, must be helped to get adjusted and acquainted with the fellow employees and the work environment. Rather than leaving him to make his own way through the organisation. It is much better to properly and systematically introduce him to the company, its philosophy, its place in the industry or economy, its major policies etc.

This phase of induction is properly handled by the personnel department. Some large organisations show pictures telling about their history and operation to give a better idea of the company to the new employees who have joined. The new employee is also given the necessary information about canteen, lunch period; rest hours, convenience facilities etc.

A complete induction programme also consists of a follow-up after few weeks to ascertain how well the new employee has adjusted himself with his job and environment. This provides an opportunity to clarify or remove any misunderstanding in him.

“Induction is concerned with introducing or orienting a new employee to the organisation. It is the welcoming process to make the new employee feel at home and generate in him a feeling of belongingness to the organisation”. It is the first step in a proper communication policy which seeks to build a two-way channel of information between the management and employees.

Edwin B.Flippo,

But then also, if an employee is not found adjusted after that, it may be the case of wrong selection or wrong placement. It thus, gives an early warning of a later trouble. In any case, the follow-up interview enhances the employee's satisfaction by demonstrating to him the company's interest in his welfare.

The introduction of new employees into an organisation is important and it demands special consideration. There is good evidence that the subject seldom receives the very careful attention that it truly needs by the employing organisation. Analysis of employee turnover statistics show that a higher employee turnover occurs during the first years of employment.

Undoubtedly a portion of the blame can be given to the faulty recruitment and selection procedures. Equally certainly are the reasons for why so many people leave organisations shortly after joining are connected with the treatment they receive from their employers during the initial phase of employment.

The induction of new employees has to be regarded as comprehensive and systematic programme continuously monitored and evaluated. Too often it has come to mean little more, than a day or two set aside, during which time new employees may have interviews, attend short courses, listen talks about organisation, receive a quantity of literature, be taken on quick guided tours to glimpse the various sections of the organisation and meet a variety of people.

Induction or orientation familiarizes the new employee with the organisation, its mission and goals, culture, systems and procedures and expectations from the employees.

Induction (also known as orientation or indoctrination) is the process of introducing a new employee to the organization, and the organization to the employee by providing him relevant information.

What type of information should be provided to a new employee depends on the organizational practices — whether an organization takes orientation in a formal and comprehensive way or informal and gradual process of learning about the organization over a period of time.

However, a formal orientation is preferable because it tries to bridge the information gap of the new employee. A formal orientation may contain the various types of information.

Typically, orientation conveys three types of information:

1. General information about the daily work routine.
2. A review of organisation's objectives, operations, products and services as well as job content of new employee.
3. A detailed presentation on organisational policies, work rules, employee benefits, etc.

The idea is to make the employee feel at home in the new environment. It is a well-known fact that employees feel anxious on entering an organisation. They worry about how well they will perform in the new job. They feel inadequate when they compare themselves with more experienced employees. Effective orientation programmes reduce anxiety by

providing information on job environment, on supervisors, by introducing them to co-workers and encouraging them to ask questions.

12.1 Contents of Induction Programme:

1. Company's history, mission, vision and philosophy.
2. Products and services of the company.
3. Company's organisation structure.
4. Location of departments and employee services.
5. Employees activities like clubs, credit society.
6. Personnel policies and procedures.
7. Standing orders.
8. Rules and Regulations.
9. Terms and conditions of services.
10. Grievance procedures.
11. Safety measures.
12. Benefits and services for employees.
13. Training, promotions and transfer facility.
14. Career advancement schemes.
15. Counselling facility.

12.2 Induction Procedure/Techniques:

Induction may be informal in case of small firms and formal may be of duration of two or three weeks in case of large organisations. Induction training should not be too lengthy. It need not necessarily be given on the day when the new employee joins the work, but if a formal course is to be attended after two or three weeks on the job, the initial introduction and the immediately needed information may be given by the superior of the department.

12.3 Orientation procedure consists of the following steps:

1. The new employees should be given a definite time and place to report.
2. The immediate boss or the supervisor should meet and welcome the new employee to the organisation when the latter reports for the duty.
3. Complete information about the vacations, probationary period, working hours, medical leave, suggestion styles etc. should be conveyed to the employee.
4. Departmental orientation should be conducted which include introduction to the department, explanation of the functions of the department, job instructions and to whom he should look for help and guidance when he has any problem.
5. Verbal explanations may also include a wide variety of printed materials, employee handbook, employee manuals, house journals pamphlets etc.
6. The induction programme should be handled by the persons who are through with the course contents. The success of the induction course also depends upon the quality of the trainers and their ability to draw out the interest of their listeners.

12.4 Probation

During probation staff are introduced to the mission, objectives and values of the civil service and their departments. Probation is a serious process which provides regular feedback on performance and assesses suitability for employment in the civil service. It includes ·

on-the-job training : staff should be exposed to the different duties required for their rank. In this way they can learn the skills expected of them and managers can verify their long-term suitability; · supervision and guidance : staff should receive close and sympathetic supervision and guidance to enable problems and difficulties to be identified early and timely counseling or other action to be taken. Newly joined staff must be told the length of their probationary period, which varies with the requirements of each grade. If there are indications that staff are not suitable for confirmation, they must be counseled and then warned in writing if the problem persists. Confirmation is the step whereby a member of staff on probation is found suitable for the job and employed on permanent and personable terms

12.5 Placement of Employees:

Placement is the assignment or reassignment of an employee to a new job. It includes the initial assignment of the new entrants and the transfer and promotion of the existing employees.

Placement is not an easy process. It is very difficult to adjust for a new employee who is quite unknown to the job and environment. For this reason, the employee is generally put on a probation period ranging from one year to two years.

At the end of the probation period, if the employee shows a good performance, he is confirmed as a regular employee of the organisation. Thus, the probation period or trial period is the transition period at the end of which management has to take a decision whether the employee should be made regular or discharged from the job.

12.6 Significance of Placement

It is important for both the organisation and the staff that each employee should be placed on a suitable job. While doing so, the factor to be considered is not only the suitability of the individual to the job but also the suitability of the job to the individual. Initial placement is always a problem because of lack of adequate knowledge about the new employee.

Therefore, placement should be made after due consideration of the demands of the job and the social, psychological needs of the individual. A company which has spent a lot of time and money in making a very careful selection may lose due to wrong placement.

12.7 Right placement of workers can have the following advantages:

- (i) Reduced labour turnover rate.
- (ii) Reduced absenteeism rate.

- (iii) Increased safety of workers and lower accidents.
- (iv) Increased morale of workers.
- (v) Better human relations in the organisation.

12.8 Considerations in Placement of New Employees:

While taking the placement decision, the following considerations or principles must be kept in mind:

1. Job Requirements:

An employee should be placed on the job according to the requirements of the job such as physical and mental ability, eyesight, hearing, stress, etc. The job should not be adjusted according to the qualifications and abilities of the employee. Job placement profile charts can be used to match the workers physical and mental abilities with the job requirements.

This profile chart displays an evaluation of both job requirements and worker abilities for key features of the job so that management can easily determine how well a worker fits a job.

2. Suitable Qualifications:

The job should be offered to a person who is suitably qualified. Over qualified and under qualified persons might create problems for the organisation in the long-run.

3. Adequate Information to the Job Incumbent:

The employee should be provided with complete information and facts relating to the job, including the working conditions prevailing in the firm. He should also be informed about the rewards associated with various performance levels.

4. Commitment and Loyalty:

While placing the new employee, an effort should be made to develop a sense of commitment, loyalty and cooperation in his mind so that he may realise his responsibilities better towards the job, the organisation and his associates.

5. Flexibility:

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

Proper placement helps to improve employee morale. The capacity of the employee can be utilised fully if he is placed on the job for which he is most suitable. Right placement also helps to reduce labour turnover, absenteeism and accident rates. If a candidate adjusts

himself to the job and performs as per expectations, it would mean that the candidate is properly placed.

12.9 Socialization

It refers to process of making the new employees get acquainted to the new environment of the organization. This reduces the anxiety of the new hires and allows them to adjust with the other existing employees in the company

The purpose of Socialization can be distinctive from firm to firm. However there are certain fundamental purposes which are discussed below.

1. **Employment Situation:** The basic purpose of every organization would be to make the new employees industrious as soon as possible. Hence detailed information relating to work is provided at the initial stage itself.
2. **Rules and Policies:** The workforce should have a good understanding of the constraints and policies of the organization for smooth and continuous operations. Therefore, all the jobs in the company have to be performed as per those rules and policies.
3. **Compensation and benefits:** Although this information is made clear during the recruitment process, an analysis of this is required during socialization process. The employees will have some interest in knowing the rewards offered by the company.
4. **Corporate Culture:** The organization culture affects the entire working pattern of any company. This includes everything, from the way they dress to the way they behave with the other employees. Hence, a glimpse of the culture should be given during Socialization.
5. **Working as a team:** During Socialization, the importance of working as a leader is emphasized to add value to the organization. This ability of leadership is assessed during the initial stages of selection and training.
6. **Dealing with Change:** Coping with change is a big challenge to the employees at all levels in the organization. The employees must have the ability to manage or deal with change for survival in their respective jobs. Socialization helps them in preparing for change by continuously developing and training their skills.

12.10 Process of Socialization

The Socialization process can be divided into three stages:

1. **Pre- Arrival Stage:** This stage recognizes that every individual employee comes with set of values and hope. For example, in some jobs like the managerial kind, the employee might need a substantial degree of socialization in training. During the selection process, most organizations inform their prospective candidates about the process of Socialization. Selection process also helps the organization in determining the right person to fit the right job. The success here depends mostly on the degree of forecasting made by the selection team.

2. **Encounter Stage:** Here the employees bump into the real working conditions of the organization. For example, the expectations of the job, co workers, immediate seniors and the business as a whole. Here, if the expectations confirm to be more or less correct, this stage reaffirms the employees of the perceptions generated in past. If the reality is different, socialization helps the employees in understanding to replace these. But socialization cannot totally resolve the differences in expectations.
- 3.
4. **Metamorphosis Stage:** The new employees, in this stage will work out solutions to meet any problems. Hence this stage is called the metamorphosis stage. At this stage the new employees will have become comfortable with their jobs and the team members. New hires will feel that they have been accepted by their superiors and peers. Not only this, they would have by now understood the organization system as a whole. They will also know what is expected of them, how they are evaluated and how productive they are towards the goals of the organization.

There are many people involved in socializing the new hires. Let us understand who they are:

1. **HRM Department:**

It conducts orientation programs for the new hires in order to socialize them with the new environment. This department plays a vital role in the new employee orientation programs; it also participates in these programs to ensure proper mechanism is in place. Prior to the arrival of new hires, the HRM department must be sure that a proper routine is set for them.

2. **Managers or Supervisors:**

The immediate supervisors will also play a part in socializing with the new hires by informing them about the work culture, policies and procedures. In medium and small organizations new hires may report directly to the supervisors who in turn introduce them to the other employees. These employees will take them through the other departments and make them comfortable with the teams.

3. **Organizational Culture:**

Most of the times, the organization culture itself socializes the new hires with its unique environment. Cultural here may comprise the rules and regulations, principles of significance and language of communication. In a broader sense it includes the etiquette to be followed by the new hires with their peers, supervisors and management.

12.11 Summary

1. The act of putting a selected candidate on a specific job is called placement.
2. Induction is aimed at integrating the new comer into the organisation.
3. Reduction in anxiety, nervousness, absenteeism, turnover, and improvement in employee morale are the main benefits induction offers to the employee and the organisation.
4. The contents of an induction programme include organisation, job, service conditions, amenities and facilities to the employees of the organisation.
5. A formal induction programme consists of three phases, namely, general induction, specific induction and follow-up induction.
6. Welcome to new employees, determination of employees' need for information, proper presentation of information, induction by the right instructors and evaluation of induction are prerequisites of an effective induction programme.

7. Socialisation is the process of adaption to new values, norms and attitudes. The socialisation process consists of three stages: pre-arrival, encounter and metamorphosis.

12.12 Key words

Induction -Induction is the process of introducing a new employee to his/her job and organization and giving him all the necessary information required by him/her to start his work

Socialization -It refers to process of making the new employees get acquainted to the new environment of the organization

Orientation -Orientation is the process of receiving and welcoming an employee when he first join a company and giving him the basic information he needs to settle down quickly and happily and start work.

Placement - Placement is a process of assigning a specific job to each of the selected candidates.

12.13 Self Assessment Questions

1. Define Induction? Briefly explain the procedure/techniques of Induction ?
2. Examine the Considerations in placement of new employees?
3. Describe the Orientation procedure of the following steps?

12.14 Further Readings

- Arun Monappa (2004); Industrial Relations; Tata Mc Graw-Hill Publishing Company Limited, New Delhi.
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LESSON -13

PERFORMANCE APPRAISAL

Learning Objectives

After studying this chapter, student can be able to understand

- Purpose of Performance Appraisal
- Making Performance Appraisal More Effective
- Evaluation Techniques
- Evaluation Methods for Employee: A Quick Primer
- Methods of Performance Appraisal

Structure:

- 13.0 What is Performance Appraisal
- 13.1 Purpose of Performance Appraisal
- 13.2 Process of Performance Appraisal
- 13.3 Making Performance Appraisal More Effective
- 13.4 Evaluation Techniques
- 13.5 Evaluation Methods for Employee: A Quick Primer
- 13.6 Methods of Performance Appraisal
- 13.7 Summary
- 13.8 Keywords
- 13.9 Self – Assessment Questions
- 13.10 Further Readings

13.0 What is Performance Appraisal

This early employee appraisal system was called 'merit rating'. In the early fifties, attention shifted to the performance appraisal of technical, professional and managerial personnel. Since then, the philosophy of performance appraisal has undergone tremendous changes

Different experts have used different terms to describe this philosophy or concept. The common terms used include merit rating, behavioural assessment, employee evaluation, personnel review, staff assessment, progress report and performance appraisal. Notwithstanding, the term 'performance evaluation'/'appraisal' is most widely used.

To appraise is to assess the worth or value. In the context of an industrial organisation, performance appraisal is a systematic evaluation of personnel by supervisors or those familiar with their performance. In other words, performance appraisal is a systematic and objective way of judging the relative worth or ability of an employee in performing his/her task.

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".

To Beach, "performance appraisal is the systematic evaluation of the individual with regard to his or her performance on the job and his potential for development".

Thus, performance appraisal is a systematic way of judging the relative worth of an employee in performing his task. It helps identify employees who are performing their tasks well and also those who are not and the reasons for such (poor) performance.

Over the period since its formal introduction in 1920, performance appraisal has undergone tremendous changes in terms of its concept, philosophy and methods. In this context, W. F. Cascio 6 observes that: "Performance appraisal has many facets. It is an exercise in observation and judgment, it is feedback process, and it is an organizational intervention. It is a measurement process as well as an intensely emotional process. After all, it is an inexact human process. While it is fairly easy to prescribe how the process should work, descriptions of how it actually works in practice are rather discouraging".

A performance appraisal is a regular review of an employee's job performance and overall contribution to a company. Also known as an annual review, performance review or evaluation, or employee appraisal, a performance appraisal evaluates an employee's skills, achievements, and growth or lack thereof.

Performance appraisal is the systematic evaluation of employees with respect to their performance on their job and their potential for development. A performance appraisal is an evaluation done on an employee's job performance over a specific period of time. The works performed by the different employees differ in many aspects due to the difference in their backgrounds, experiences, knowledge, skills, abilities, and aptitudes. Such differences determine the need for training and development activities. It is the equivalent of a report card on an employee and how their manager assessed their performance over the prior year. So, it is necessary for management to identify such differences so that employees having better job performance ability, skills and knowledge can be rewarded in one hand, and the wrong placements of the employees may be checked through transfer or punishments on other hands. In this regard, performance appraisal provides a measure in order to know the level of performance so that the employee may improve his/her performance.

Objectives of Performance appraisal:

- To review the performance of the employees over a given period of time.
- To judge the gap between the actual and the desired performance.
- To help the management in exercising organizational control.
- Helps to strengthen the relationship and communication between superior – subordinates and management – employees.
- To diagnose the strengths and weaknesses of the individuals so as to identify the training and development needs of the future.
- To provide feedback to the employees regarding their past performance.
- Provide information to assist in the other personnel decisions in the organization.
- Provide clarity of the expectations and responsibilities of the functions to be performed by the employees.
- To judge the effectiveness of the other human resource functions of the organization such as recruitment, selection, training, and development.
- To reduce the grievances of the employees.

The importance of performance appraisal is that it enables the management to make effective decisions and/ or correct or modify their earlier decisions relating to the following issues of HRM:

1. Organizational planning based on potentialities of its human resources.
2. Human Resource planning based on weakness, strengths and potentialities of human resources.
3. Organizational effectiveness through performance improvement.
4. Fixation and revision of salary, allowances, incentives and benefits.

5. Original placement or placement adjustment decisions.
6. Identifying training and development needs and to evaluate effectiveness of training and developmental programmes.
7. Career planning and development and movement of employees.
8. Helps to maintain an inventory of the number and quality of all managers
9. To maintain individual and group development by communicating the performance to the appraisee.
10. A regular appraisal constrains a superior to be alert and remain competent in his work i.e., it improves the quality of supervision by giving him an incentive to do things that he should be doing normally.
11. It makes for better employer-employee relations through mutual confidence, which comes as a result of frank discussions between the superior and the subordinate.
12. It provides the 'deadlock' and research data for improving the overall personnel information system

Another use of Performance Appraisal is that it helps to evaluate the existing plans, information system, job analysis, internal and external environmental factors influencing employee performance like relations with supervisors, working conditions, personal problems of the worker like family, financial and health.

This evaluation suggests and results in improvement in plans, information system, job analysis, creating the conducive work environment and controllable environmental variables.

According to Roland Benjamin, "A performance appraisal determines who shall receive merit increase; counsels employees on their improvement; determines training needs; determines promotability; identifies those who should be transferred. Moreover, it improves employee job performance; encourages employees to express their views or to seek clarification on job duties; broadens their outlook, capacity and potential; promotes a more effective utilization of manpower and improves placement; facilitates selection, reward and promotion of the best qualified employee; prevents grievances and increases the analytical skills of employees."

It will, thus be seen that performance appraisal is an important tool of Human Resource Management. It is a judgment of the characteristics, traits and performance of employees and has a wide range of utility. It unifies the appraisal procedure so that all employees are rated in the same manner, utilizing the same approach so that the ratings obtained of separate personnel are comparable.

13.01 PURPOSE OF PERFORMANCE APPRAISAL

A cross-examination of organizational practices reveals that performance appraisal is undertaken for variety of purposes. Performance appraisal is broadly used for meeting the following purposes:

1. To identify employees for salary increases, promotion, transfer and lay-off or termination of services.
2. To determine training and development needs of the employees.
3. To motivate employees by providing feedback on their performance levels.
4. To establish a basis for research and reference for personnel decisions in future.

It highlights that the American companies use performance appraisal mainly to determine wage increases, promotion and transfers. In contrast, the Indian companies use performance appraisal for training and development, providing feedback to the employees, and personnel research besides using it for determining wages, promotions and transfers as do their

American counterparts. Also pointed out by it is wide variations in the practice of performance appraisal between the private and public companies in India.

Approaches to Performance Appraisal

In our social life, we appraise or evaluate, in our own ways, the worth of others. We select a tailor, hairdresser, doctor or architect through our evaluation of their worth. So do the organisations as well. All employees are appraised on their job performance in some manner or another. In general, industries make performance appraisal of their employees using three possible approaches:

1. A casual, unsystematic, and often haphazard appraisal.
2. A traditional and highly systematic appraisal
3. Appraisal through mutual goal setting, i.e. Management by Objectives (MBO)

13.02 PROCESS OF PERFORMANCE APPRAISAL

Process of Performance Appraisal

Though the specific steps that an organisation will follow in developing an appraisal system may vary somewhat from organisation to organisation, yet the following are the common steps usually followed by organisations while developing an appraisal system for them:

1. Establish Performance Standards
2. Communicate Performance Expectation to Employee
3. Measure Actual Performance
4. Compare Actual Performance with Standards
5. Discuss the Appraisal with the Employee
6. Initiate Corrective Actions

Their discussion follows in turn.

- 1. Establish Performance Standards:** The appraisal process begins with the establishment of performance standards. The managers must determine what outputs, accomplishments and skills will be evaluated. These standards should have evolved out of job analysis and job descriptions. These performance standards should also be clear and objective to be understood and measured. Standards should not be expressed in an articulated or vague manner such as "a good job" or "a full day's work" as vague phrases tell nothing.
- 2. Communicate Performance Expectations to Employees:** Once the performance standards are established, these need to be communicated to the respective employees so that they come to know what is expected of them. Past experience indicates that not communicating standards to the employees compounds the appraisal problem. Here, it must be noted that mere transference of information (relating to performance standards, for example) from the manager to the employees is not communication. It becomes communication only when the transference of information has taken place and has been received and understood by the employees. The feedback from the employees on the standards communicated to them must be obtained. If required, the standards may be modified or revised in the light of feedback obtained from the employees. It is important to note that communication is a two-way street.
- 3. Measure Actual Performance:** This is the third step involved in the appraisal process. In this stage, the actual performance of the employee is measured on the

basis of information available from various sources such as **personal observation, statistical reports, oral reports, and written reports**. Needless to mention, the evaluator's feelings should not influence the performance measurement of the employee. Measurement must be objective based on facts and findings. This is because what we measure is more critical and important to the evaluation process than how we measure.

4. **Compare Actual Performance with Standards:** In this stage, the actual performance is compared with the predetermined standards. Such a comparison may reveal the deviation between standard performance and actual performance and will enable the evaluator to proceed to the fifth step in the process, i.e., the discussion of the appraisal with the concerned employees.
5. **Discuss the Appraisal with the Employee:** The fifth step in the appraisal process is to communicate to and discuss with the employees the results of the appraisal. This is, in fact, one of the most challenging tasks the managers face to present an accurate appraisal to the employees and then make them accept the appraisal in a constructive manner. A discussion on appraisal enables employees to know their strengths and weaknesses. This has, in turn, impact on their future performance. Yes, the impact may be positive or negative depending upon how the appraisal is presented and discussed with the employees.
6. **Initiate Corrective Action:** The final step in the appraisal process is the initiation of corrective action when it is necessary. The areas needing improvement are identified and then, the measures to correct or improve the performance are identified and initiated. The corrective action can be of two types. One is immediate and deals predominantly with symptoms. This action is often called as "putting out fires." The other is basic and delves into causes of deviations and seeks to adjust the difference permanently. This type of action involves time to analyse deviations. Hence, managers often opt for the immediate action, or say, "put out fires". Training, coaching, counselling, etc. are the common examples of corrective actions that managers initiate to improve the employee performance.

13.03 MAKING PERFORMANCE APPRAISAL MORE EFFECTIVE

Performance appraisal, being a behavioural activity, is inevitable to suffer from certain problems. There is no panacea for eliminating altogether the problems of performance appraisal. Taking the following measures can help minimize the impact of appraisal problems and, in turn, make performance appraisal more effective:

Standard Appraisal Scheme

Standard appraisal scheme, also known as 'result-oriented schemes', implies a more positive approach for performance appraisal. This is based on the Management by Objectives (MBO) philosophy based on the writings of Peter F. Drucker 31. According to this approach, the emphasis in performance appraisal should be shifted from appraisal to analysis. In other words, the job of superior who is evaluator, shifts from that of criticising the subordinate to that of helping him or her to improve his or her performance. The employee evaluates himself or herself and, thus, becomes an active agent in the evaluation process. Now, he/she does not remain just a passive object.

The employee performance is examined against specific targets and standards of performance already agreed jointly by the superior and the subordinate. This approach is, thus, very much in consistent with the belief that people work better when they have definite goals which they must meet in specified periods.

Performance Reviews

The term 'performance review implies a deliberate stock taking exercise. The basic purpose of performance review is to analyse what a person has done and is doing in his job in order to help him perform better by developing his strengths or / and overcoming his weaknesses. It is always better to review employee performance with employee himself/herself. One way of doing so is through counselling sessions.

A seriously designed and carefully handled counseling session can enable the employee to know where he stands, what he is expected to do, what are his strengths and weaknesses, and what further actions he should take. It is important to mention that the effectiveness of counseling interrail depends on the use of skills which few managers are likely to possess in the normal course of the work. Therefore, it is essential that the managers should acquire the necessary skills through proper training and orientation courses.

Multiple Appraisals

Most of the methods of performance appraisals being judgmental in nature, suffer from the problem of subjectivity and, in turn, from reliability. One way to minimize the problem of reliability is to use multiple evaluations rather than single evaluation. The greatest strength of multiple appraisals is that it provides an indication of overall performance and also potential for employee development. Multiple appraisals include appraisal of the same employee by superiors, peers, subordinates, and employee himself. In a sense, multiple appraisal approach seems like '360-degree feedback' method of performance appraisal.

Trained Appraisers

No one is born with the ability to appraise others' performance accurately. Experience itself also does not prepare one to conduct performance appraisals. Rather, formal training is the most effective way to prepare managers and supervisors to conduct successful employee appraisal 32. Topics normally included in appraisal training are:

- Purpose of performance appraisal.
- How to avoid problems like halo, bias, central tendency, and so on.
- How to conduct nondiscriminatory appraisals.
- How to conduct effective appraisal interviews.

13.04 EVALUATION TECHNIQUES**Evaluation of Performance Appraisal:****Performance Appraisal Interview:**

Usually, appraisal feedback is provided to the employees by the concerned person through a formal interview process called appraisal interview. During the appraisal interview he/she provides feedback on the basis of past performance, discusses any problems that have arisen and do invite responses from the employees.

Based on the objective of the appraisal interview they are of three types:

- i) Tell and sell interview.
- ii) Tell and listen interview.
- iii) Problem solving interview.

i) Tell and Sell Interview:

The main purpose of this interview is to let the employee know how well he is performing and gain his acceptance for appraisal and also draw an improvement plan for him. The basic assumption behind providing appraisal feedback in this manner is that employees have some deficiencies and they need to be convinced and how can they be corrected by implementing appraiser's suggestions.

This type of appraisal interview is more suitable for young employees who are inexperienced, feel in-secured and want the advice of the superior. As a superior is regarded competent because of his higher knowledge and skills, he is in a better position to convince the employees about the relevance of the appraisal and remedial measure that are required.

ii) Tell and Listen Interview:

The main purpose of this interview is to communicate the appraisal results to the employee and then listen to his reactions. Here the interview is classified into two parts-the first part covers the strong and weak points of the employee's work performance. Second part used to thoroughly explore the employees' feelings about appraisal.

Therefore, the interviewer acts like a non-directive counselor instead of dominating the discussion. The interviewer requires skills for careful listening, understanding and then responding to the feelings. The basic advantage of this interview is that it creates good relationship between the interviewer and the interviewee. The employee develops a favorable attitude towards his superior.

iii) Problem Solving Interview:

In this interview, the basic objective is not only to communicate the appraisal results to the employees but also to invite his views on how he observes a problem and what should be the course of action.

The interviewer stimulates the employee to think about improving his own performance. No solutions are provided by the interviewer but consider the ideas being provided by the employee regarding any related problem. This makes the employee understand his job requirements better and develop actions that are in tune with meeting those requirements.

13.05 PERFORMANCE EVALUATION METHODS

In the previous section, we described appraisal process in general terms. In this section, we now want to describe in specific terms how management can devise instruments, i.e., methods that can be used to measure and appraise employees' performance. By now, a number of performance appraisal methods are available. In fact, each organisation has its own. Each method with its strengths and weaknesses may be suitable for one organisation and non-suitable for another one. As such, there is no single appraisal method accepted and used by all organisations to measure their employees' performance. All the methods of appraisal devised so far have been classified differently by different authors. While DeCenzo and Robbins have classified appraisal methods into three categories : absolute methods, relative methods and objective methods; Aswathappa has classified these into two categories : past-oriented and future-oriented. Michael R Carrell et. al. have classified all appraisal methods into as many as six categories : rating scales, comparative methods, critical incidents, essay, MBO and combination methods. Rock and Levis have classified the methods into two broad categories: narrow interpretation and broad interpretation. Beatty and Schneier have categorised various methods of appraisal into four groups : comparative methods, absolute methods, goal setting, and direct indices.

A more widely used classification of appraisal methods into two categories, viz., traditional methods and modern methods, is given by Strauss and Sayles¹⁸. While traditional methods lay emphasis on the rating of the individual's personality traits, such as initiative, dependability, drive, creativity, integrity, intelligence, leadership potential, etc.; the modern method, on the other hand, place more emphasis on the evaluation of work results, i.e., job achievements than the personal traits.

Table 13.5.1 : Methods of Performance Appraisal

Sl.No	Traditional Methods	Modern Methods
1	Ranking method	1. Management by Objectives (MBO)
2	Paired comparison	2. Behaviourally Anchored rating scales
3	Grading	3. Assessment centers
4	Forced distribution method	4. 360-degree appraisal
5	Forced choice method	5. Cost accounting method
6	Checklist method	
7	Critical incidents method	
8	Graphic scale method	
9	Essay method	
10	Field review method	
11	Confidential report	

1. Management by Objective (MBO)
2. Critical Incident Method
3. Checklist Method
4. 360 – Degree Method
5. Self – Evaluation
6. Rating Scale
7. Performance Test

In today's data-driven culture, everyone is tracking their bottom-line performance metrics. While this is crucial, it only represents end results, not the process that led to them. Like any form of data analysis, figuring out what's going on with employee performance starts by picking a framework that helps you collect, prioritize, and interpret data.

Performance evaluation methods differ in core assumptions and how they're applied. Picking one influences all the steps that follow, so it's crucial to choose carefully. Most brands end up combining several methods and may use them at different points in an employee's career.

13.06 EVALUATION METHODS FOR EMPLOYEE: A QUICK PRIMER

Three main elements come together in any employee evaluation:

- The work someone does – including its quality and quantity.
- The time it takes for the employee to perform all that work.
- The actual value an employee's work adds to the company.

Ideally, all employees would receive a regular assessment of their strengths and weaknesses based on the latest projects they've been involved in. Employees thrive on detailed, actionable qualitative feedback – it tells them what they need to improve to go to the next level.

From the COO's perspective, however, quantitative feedback secured with consistent employee evaluation methods grounds decision-making. It provides a bird's-eye view of

exactly what's happening. Qualitative feedback, on the other hand, fills in the details and context.

By using multiple methods, you can capture a full spectrum of information to inform critical HR decisions like promotions and talent development plans. The key is understanding exactly what each method contributes and where its blind spots may lie.

1. Management by Objective (MBO)

This method is a simple one that allows you to close the loop between employee performance and key strategic objectives. Management sets a metric that represents the expected level of attainment, then tracks each employee's outcomes. Sales quotas are a form of MBO. They're great because it's easy to monitor them over time and connect causes to effects.

2. Critical Incident Method

This method is especially popular in the customer service world and allows managers to generate more global feedback about how an employee handles issues.

It encourages managers to zoom in on particular events where the person's behavior was positive or negative and provide insight on how to get aligned with best practices – for example, handling customer complaints better.

3. Checklist Method

The checklist method relies on a list of behavioral criteria each worker is expected to meet: For example, on-time delivery or teamwork. The evaluator indicates items the employee is successful with and provides targeted feedback for items that are lacking.

In a weighted checklist method, each attribute has its own score value. That helps focus improvement efforts.

4. 360-Degree Performance Appraisal

360-degree feedback is popular in large, world-class organizations like Google and Microsoft.

It incorporates feedback not only from managers, but from peers, direct reports, and higher-level supervisors the employee frequently works with. This type of feedback is valuable when preparing team members to take on responsibilities at a higher level.

5. Self-Evaluation

Written reflection enables employees to uncover ways to improve performance that make sense to them. Although it's highly subjective, it provides fuel for a more detailed discussion. Making note of where employees have high or low opinions of their own work may make it easier for mentors to meet them where they are and personalize a path of growth.

6. Ratings Scale

Most organizations have used this approach. It specifies goals – behaviors, traits, skills, or project attainment – on a scale usually running to 5 or 10 points.

While this is a flexible choice, it's essential everyone have the same understanding of how the scale works: You might consider 3 out of 5 “good” while an employee understands it to mean “average.”

7. Performance Test

The right form of testing enhances recall and lets people operationalize new knowledge.

While a written or multiple-choice test benefits from greater objectivity, practical presentation of skills is often a better sign of mastery. It's vital the evaluator of this test be an expert in the subject matter and skilled enough to communicate the meaning of the results up the hierarchy.

Collecting the right data and watching the right metrics lets you continuously improve processes: Effective performance evaluation ensures your employees can do the same. These seven methods will provide you with a solid toolkit for putting performance in context.

13.7 Summary

A performance appraisal is a regular review of an employee's job performance and contribution to a company. Companies use performance appraisals to determine which employees have contributed the most to the company's growth, review progress, and reward high-achieving workers.

13.8 Keywords

- Quality and quantity of work: Accuracy, thoroughness, productivity, and goal attainment.
- Communication and interpersonal skills: Teamwork, cooperation, listening, persuasion, and empathy.

13.9 Self – Assessment Questions

1. What do you mean by performance appraisal? Discuss the three purposes performance appraisal can meet.
2. Discuss the various steps involved in performance appraisal process.
3. What are the techniques and scales used in performance appraisals?
4. What are MBOs, and how do they relate to performance appraisals?
5. What are assessment centers?
6. What practices are used in the performance appraisal process?
7. What factors do you feel could have changed in Tesla's approach to its performance reviews?

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LESSON – 14

CAREER PLANNING AND CAREER PATHS

Learning Objectives

After studying this chapter, student can be able to understand

- The meaning of career planning and career paths
- Career Planning in HRM – Objectives And Purpose
- Career Planning in HRM – Characteristics
- Principles for Effective career Planning in HRM
- Process of Career Planning in HRM
- Career Planning in HRM- Pre - Requisites
- Advantages of Career Planning in HRM

CONTENTS

- 14. 0. Introduction To Career Planning in HRM
- 14. 1. Career Planning in HRM – Objectives and Purpose
- 14. 2. Career Planning in HRM – Characteristics
- 14. 3. Principles for Effective career Planning in HRM
- 14. 4. Process of Career Planning in HRM
- 14. 5. Career Planning in HRM- Pre - Requisites
- 14. 6. Advantages of Career Planning in HRM
- 14. 7. Summary
- 14. 8. Keywords
- 14. 9. Self- Assessment Questions
- 14. 10. Further Readings

14. 0. INTRODUCTION AND ELEMENTS OF CAREER PLANNING IN HRM

Introduction

Career planning is the systematic process by which one selects career goals and the path to these goals. From the organisation's viewpoint, it means helping the employees to plan their career in terms of their capacities within the context of organisation's needs.

A career can be developed by an individual within one organization or several others. Considering career planning as a process within the organization, career planning is that part of personnel administration which aims at developing paths through which employees may progress in the organization over time.

Schwind Das and Wagar defines as, "Career planning is the process of enhancing an employee's future value."

What is Career Planning in HRM?

The term career means advancement in terms of achievements or higher assignments/positions in activities one is pursuing. Career reflects the individual and organizational definition of what is worthwhile set of activities to pursue throughout a life time.

In a sense, one speaks of two aspects of a career:

- i) A career as reflected in a set of job description and organizational norms, and the rights and duties of a given position in an organization. The head of production, for instance, is expected to perform certain tasks; he/she carries certain set of responsibilities and is held accountable for certain areas of organizational performance.

ii) A career as reflected in a set of needs and motives, which the individual tries to fulfil through his/her work and the rewards he/she obtains for that work—money, prestige, organizational membership, challenging work, freedom, and other satisfaction. The reward he/she seeks can be thought of as his/her job values which he/she is looking for in a job.

These values, in turn, also reflect an underlying pattern of needs that the individual is trying to fulfil. Thus, as the head of production, he/she may seek to exercise his/her basic need for influencing and controlling a number of people and resources or he/she may be trying to meet the challenge of successfully building something, or getting something accomplished that is a proof of his/her competence.

Organizations which want to retain the best of employees develop careers for them. They can create rewarding and meaningful careers for their employees, giving them a sense of satisfaction of knowing the direction of their work. Career planning is more effective if the employee is interested in developing a career and his/her superior is willing and able to counsel him/her well.

Career planning, thus, is a shared responsibility. Development of individuals is possible only when they are able to recognize that in developing themselves to meet the organizational needs, their needs are also being met; where career planning is not a shared responsibility but only a responsibility of the organization, it means that there is no career planning, although there may be organizational planning for human resources.

Definitions of Career Planning

Douglas T. Hall states that, "An individually perceived sequence of attitudes and behaviours associated with work related experiences and activities over the span of the person's life."

A career can be developed by an individual within one organization or several others. Considering career planning as a process within the organization, career planning is that part of personnel administration which aims at developing paths through which employees may progress in the organization over time.

Careers paths are not designed for each individual within the organizational set-up and task requirements. Various career paths are designed, and individuals with the support of the organization have the choice to develop themselves as they wish depending upon their needs, ability, interest, etc.

Employees do not get right breaks at a right time; their morale will be low and they are always on their toes trying to find escape routes. Organisations are not going to benefit from high employee turnover.

New employees mean additional selection and training costs. Bridging the gaps through short-term replacements is not going to pay in terms of productivity. Organisations, therefore, try to put their career plans in place and educate employees about the opportunities that exist internally for talented people. Without such a progressive outlook, organisations cannot prosper.

Elements of Career Planning in HRM

The following are the important internal and external elements of career planning:

1.Preparation of Job Inventory:

Job inventory position gives information about the duties, responsibilities and functions of each job and the requisite academic qualification, training and skills and personality traits essential for performing the job. Information collected on various positions would help subsequent development of career and placement of personnel who will best meet job requirements.

2. Preparation of Personnel Inventory of Current and Anticipated Manpower Resources:

Such an inventory of manpower resources is very useful to the organisation in identifying weaknesses in personnel and thereby organising a management development programmes. This inventory provides a scientific basis for planned career progression and selection of eligible personnel for career advancement and promotion.

3. Career Planning and Development:

It is very important from organisation point of view to take into account both the short term and long term goals and aspirations of the individuals at the time of developing the career programme which will help the employees in showing career paths towards the attainment of their goals. The development of career paths will guide the employees in self-development from low level career upto higher level career.

Principles for Effective Career Planning in HRM

Systematic career planning offers a large number of benefits to the individual as well as to the organisation. To ensure the success of such activity, a number of steps should be taken.

These are as follows:

1. For career planning, efforts to be effective, consistent, support and help from the top management must be received.
2. The corporate goals must be laid down clearly. It is not possible to develop appropriate goals for human resources, if the management is not sure about the corporate goals.
3. There must be appropriate rewards for the promising employees as well as managers. Employees must be made willing to expand their abilities and managers must be willing to coach, counsel and share their knowledge with employees.
4. Every effort must be made to put the employees on the job for which they are best suited. If a talented employee is put on a job below his standard, he will quit in frustration as soon as he gets the opportunity.
5. The career paths for different employees should be laid down clearly. Fast promotions should be made for talented people.
6. Career planning efforts should be carried out on a continuous basis, keeping the changing needs of the employees and the organisation in mind.
7. A record of career movements of employees must be kept and periodic assessment of who has gone where should be made.
8. There should be publicity of the career opportunities in the organisation, so that all the employees become aware of these.

14. 1. CAREER PLANNING IN HRM – OBJECTIVES AND PURPOSE

Career Planning in HRM -Need

1. To provide suitable promotional opportunities to the employees who are really deserve for it.
2. To attract competent capable, skilled trained candidate toward the company and to retain them in the organisation.
3. To improve and increase motivation and morale among the employees.

4. To enable the employees to develop themselves and keep them ready to meet the various future challenges.
5. To correct employee placement if there are errors in placement of some employees.
6. To optimize the utilization of managerial reserves within an organisation.
7. To reduce employee dissatisfaction and turnover.

Career Planning in HRM – Objectives

The main objectives of career planning are mentioned below:

1. To Anticipate Future Vacancies:

The future vacancies that may arise due to retirement, resignation, death, etc., at managerial level are anticipated by career planning. Therefore, it provides a fairly reliable guide for manpower forecasting. A forward career plan is of great help to avoid dislocation in managerial positions.

2. To Develop an Awareness:

To Develop an Awareness of Each Employee's Uniqueness Career planning maps out careers of employees suitable to their ability and their willingness to be trained and developed for higher positions.

3. To Improve Employee Morale and Motivation:

Career planning improves employee morale and motivation by closely matching skills to job requirements and by providing opportunities for promotion.

4. To Attract and to Retain the Right Type of Employees:

The main objective of career planning is hard working and talented employees. Workforce becomes more stable in the event of low employee turnover. The fact that the organisation provides opportunity for promotion and career growth wins more loyalty of employees. This helps to reduce the cost of hiring new people. Moreover, a unique corporate culture can develop and thrive, when people grow inside the organisation.

5. To Facilitate Expansion and Growth of Enterprise:

Career planning plays a vital role in facilitation of expansion and growth of the enterprise. The employees who are required to fill job vacancies in future, can be identified and developed in time.

Through systematic career planning, jobs enlargement can be introduced to meet future needs arising from job design and technological changes. It also helps to achieve higher productivity and organisational development.

6. To Utilise Managerial Talent Available at Overall Levels within the Organisation:

Career planning through more satisfied and productive employees ensures better shaping of human resources. It also ensures that promising persons get experiences that will equip them to rise to the posts where they have to bear greater responsibilities for which they are able and receive handsome remuneration for which they deserve.

7. To Integrate Individual and Organisational Needs:

Career planning aims at integration of individual and organisational needs. Career planning identifies positive characteristics about employees, which can be harnessed for organisational development. It helps in understanding of the relationship between personality and

occupational/ professional goals and how they can be aligned to organisational mission and objectives.

8. To Provide Guidance and Encouragement to Employees:

Providing guidance and encouragement to the employees fulfill their potentials. It also makes identification of personal interests, abilities, strengths and weaknesses and how they relate to careers.

Purposes of Career Planning:

Career planning seeks to achieve two purposes:

1. To help match individual needs, goals and abilities with organisational job demands, current or future, so that individuals may experience fulfillment and the organisation may have the right persons, at the right time, at the right places
2. To assist individuals acquire experience in organisational activities, of varying and increasing responsibilities.

For an employee to grow into higher positions he / she have to widen his / her awareness beyond his / her limited function. This opportunity is provided by career path planning. Career paths charts are worked out for incumbents in different job clusters.

Career paths; usually seek to move people through:

1. Different functions in banking, like agriculture finance, industrial finance, priority sector, foreign exchange, treasury management, planning and development, personnel management, loan department, recovery of loans department etc.
2. Different levels of offices like rural / semi-urban / urban / metropolitan branch, regional office and various departments in Head Office.
3. Different places or cities

It is possible, that a legal expert may choose to specialise in legal function / personnel expert may like to specialise in industrial relations only and take opportunities as they come along in that function, not seeking prospects in other operations.

But such persons would need exposure to other functions viz., loan, recovery, deposit marketing, customers' services etc. so that they have a total perspective of operations. But such exposure need not be deep enough to let him/her team, all the manner.

14. 2. CAREER PLANNING IN HRM – CHARACTERISTICS

Career Planning in HRM – Characteristics

The main characteristics of career planning are as under:

1. Development of Human Resources – It is a process of developing human resources rather than an event. It is not an end in itself. Instead, it is a mean of managing people to obtain optimum results.
2. Involvement Survey of Employees Abilities and Attitudes – A survey of employee's abilities and attitudes is done under career planning. It becomes possible, therefore, to group together people talking on a similar wavelength and place them under supervisors who are responsive to that wavelength. This results in more homogeneous or cohesive work teams. The organisation can identify the employee who can be promoted from within.
3. Participative Process – It is a participative process and under it, job assignments are based on merit alone. This helps to make improvement in the morale and productivity of employee.

4. Pervasive Process – Generally, career planning is an individual's responsibility. But it is the responsibility of an organisation to provide guidance and counselling to its employees in planning their careers and in developing and utilising their knowledge and skills. Goals of employees should be integrated with the organisational goals.

5. Continuous Process – Due to an ever changing environment career planning is a continuous process.

14. 3. PRINCIPLES FOR EFFECTIVE CAREER PLANNING IN HRM

Principles for Effective Career Planning in HRM

Systematic career planning offers a large number of benefits to the individual as well as to the organisation. To ensure the success of such activity, a number of steps should be taken.

These are as follows:

1. For career planning, efforts to be effective, consistent, support and help from the top management must be received.
2. The corporate goals must be laid down clearly. It is not possible to develop appropriate goals for human resources, if the management is not sure about the corporate goals.
3. There must be appropriate rewards for the promising employees as well as managers. Employees must be made willing to expand their abilities and managers must be willing to coach, counsel and share their knowledge with employees.
4. Every effort must be made to put the employees on the job for which they are best suited. If a talented employee is put on a job below his standard, he will quit in frustration as soon as he gets the opportunity.
5. The career paths for different employees should be laid down clearly. Fast promotions should be made for talented people.
6. Career planning efforts should be carried out on a continuous basis, keeping the changing needs of the employees and the organisation in mind.
7. A record of career movements of employees must be kept and periodic assessment of who has gone where should be made.
8. There should be publicity of the career opportunities in the organisation, so that all the employees become aware of these.

Effective Career Planning:

Systematic career planning efforts offer innumerable benefits to both the individuals as well as to the entire organization.

To ensure successful career planning, a number of steps should be taken, these include:

1. Support – Career planning efforts must receive consistent support, commitment and assistance from the top management of the organization.
2. Goals – The corporate goals must be laid down clearly in terms of career development opportunities in the organization.

3. Reward-performance – Employees must be willing to expand their abilities, trainers must be willing to coach, counsel and share their knowledge with the employees. There must be appropriate rewards for people from both sides who show promise.

4. Placement – Every effort must be made to put employees on jobs that are in tune with their capabilities. If a talented employee is put on the routine job, he will quit in frustration.

5. Career Paths – The career paths for different types of employees must be laid down clearly. First the organization should track promotions for talented employees, seniors could be used on jobs requiring experience and judgement, juniors could be used for jobs that demand routine application of rules and procedures etc.

6. Continuous Tracking – Career planning efforts should be carried out on a continuing basis keeping the changing needs of the employees and the organization in mind. A record of career movements of employees could be generated and maintained by the effective use and implementation of a HRIS.

7. Publicity – Everyone should be aware of the career opportunities within the organization.

Phases of Career Planning of an Individual

Career planning by individuals is carried out in four phases—

- (a) Self-appraisal.
- (b) Information gathering on occupation
- (c) Goal selection
- (d) Planning and implementation

(a) Self-appraisal:

First of all, the individual should introspect himself thoroughly. He is helped to do this by counselling, guidance and testing. Feedback from parents, friends, and supervisors can also help the individuals know themselves better. Simulations such as self-directed search can help a person become self-aware.

(b) Information gathering on occupation:

Information on current job opportunities helps individuals in their choices of careers, jobs and employers.

(c) Goal selection:

Every individual, while planning his career, should set the goals sought in career.

The goals may include;

- (I) Target salary at different age levels
- (II) Number of persons to be supervised at a specific age,
- (III) To attain a title by a certain age,
- (IV) Whether or not to own a business at a particular age.

(d) Planning and implementation:

Real career success often requires 'playing success chess.' Regular checkpoints are employed to ensure that the goals are achieved on time.

Difference between Manpower Planning and Career Planning

The term 'manpower planning' and human resource planning' are synonymous but manpower planning is different from career planning.

Manpower planning is the process by which management determines how an organisation should move from its current manpower position to its desired manpower position. Through planning, management strives to have the right number and the right kinds of people at right

places, at the right time to do things which result in both the organisation and the individual receiving the maximum long-range benefit.

As defined by G. Stainer "Manpower planning the strategy for the acquisition, utilisation, improvement, and preservation of an enterprise's human resources.

It relates to establishing specifications or the quantitative requirements of jobs determining the number of personnel required and developing sources of manpower." Manpower planning is thus concerned with forecasting the future manpower requirements of organisation.

A career, on the other hand, is an individual concept. An employee plans his career in any enterprise. A career is defined as a "sequence of work-related experiences in which a person participates during the span of his work life."

A career can lend order and meaning to events and provide a relationship including work, in which a person is involved. A career is central to complete development of an individual's identity. It is important for an employee to plan a career, even if the employer provides little guidance or encouragement.

Individual career planning consists of different phases: self-appraisal, information gathering on occupations, goal selection, and planning and implementation.

Every organisation undertakes career development programmes. Career development is a personnel activity which helps individuals plan their future careers within the enterprise, in order to help the enterprise achieve its objectives and the employee achieve maximum self-development.

14. 4. PROCESS OF CAREER PLANNING IN HRM

Process of Career Planning in – HRM

The steps in the career planning process are:

1. Self-Appraisal:

The starting point of career planning is get to know oneself. What kind of a person I am? What skills do I possess? What are my values and interests? What are strengths and limitations?

A good introductory exercise in this area would be to ask the individual to write his obituary as he would like it to appear x years hence upon death. The individual is asked to write down what he would like others to remember him by? What did he always want to do but never found time or opportunity to do? What are his life and career concerns?

Another exercise to assist in self-analysis requires the person to identify his or her strengths and weaknesses in regards to technical, interpersonal, communications, administrative and personal skills. He is then asked to indicate the degree of importance he attaches to such jobs characteristics as autonomy, security, affiliation with others, financial rewards, and influence over others.

Next is asked to describe jobs he has held that are most and least rewarding. Finally he is asked to describe his ideal next job.

Another means of finding out information about one's self is to take aptitude and vocational interest tests. These are administered by career counselling centres at school and colleges.

2. Identify Opportunities:

One's skills, interests, and values should be related to career opportunities. Although some would argue that there is always room for one more good person in a declining occupation, those choosing this course of action ought to recognise they will have a "tough row to hoe".

This course is like trying to swim upstream.

It is a good idea to study trends in the economy, population demographics, technology, and public policy because these shape the future job market.

The personnel office should publish information regarding jobs within the organization. This can take the form of organization chart, lists of titles, and actual description of jobs classified according to pay level, department, and location. The personnel office should also publish the requisite qualification for each of these jobs.

Job openings, as they occur can be announced through bulletin boards, notices, interoffice announcements and through advertising media like newspapers, televisions etc. Many technical and professional societies publish information about career in their specialties.

3. Set Goals:

After the individual has appraised personal strength, weaknesses, interests and values and after obtaining knowledge of job trends and opportunities, career goals can be properly established. This will require the setting of short-term, intermediate and long-term goals. Goals that lead to growth should be challenging so that the individual gains new skills and outlooks. The goals should be consistent with one's capabilities and compatible with one's self-image.

4. Prepare Plans:

In thinking through the measures one will need to take to meet one's goals it is advisable to consult with one's supervisor and with the responsible member of the personnel department. Plans may be made for any of various actions designed to achieve the career goals. Reasonably one ought to start with feasible short-term on-the-job learning experiences and useful of-the-job training activities.

As success is achieved on the early activities, bigger and longer run developmental projects can be tackled. The planning should take into account the special needs of the person such as skills and experiences required to reach the various goals.

5. Implement Plans:

For implementation of one's plans, it is most desirable that the organizational climate be supportive. This means that top-level management must encourage all echelons of management to help their subordinates develop their careers.

Actions to implement the plans may include special project assignments, temporary job transfers, filling in for the boss's vacation, in-service training classes, self-study reading assignments, assignment to a special task force and evening classes in an area college.

Salient Features Career Planning in HRM

Career planning is the systematic process by which one selects career goals and the path to these goals. From the organisation's viewpoint, it means helping the employees to plan their career in terms of their capacities within the context of organisation's needs.

It involves designing an organisational system of career movement and growth opportunities for employees from the employment stage to the retirement stage. Individuals who can fill planned future positions are identified and prepared to take up these positions.

It is a managerial technique for mapping out the entire career of young employees. It tells an individual employee as to where he will be in the organisation say, after five years and ten years and what the prospects of growth are in an organisation.

The salient features of career planning include the following:

- (i) Career planning is a process of developing human resources rather than an event.
- (ii) It is a continuous process due to an ever changing environment.
- (iii) It is not an end in itself but a means of managing people to obtain optimum results.
- (iv) It is the responsibility of the organisation to provide guidance and counselling to its employees in planning their careers and in developing and utilising their knowledge and skills.
- (v) The basic aim of career planning is integration of individual needs and organisational needs.

14. 5. CAREER PLANNING IN HRM- Pre – Requisites

Career Planning in HRM – Pre –Requisites

1. There should be strong commitment of the top management in career planning, succession planning and development.
2. The organisation has to frame clear cut and specific corporate goals.
3. The employees in an organisation should be self-motivated, committed, hardworking, loyal and sincere.
4. The organisation has to develop, expand and diversify its activities in a phased manner.
5. The organisation must have a fair promotion policy.
6. Proper publicity should be given to the career planning and development programmes.
7. The main objectives in selection of employees should be selecting the right man on the right place as a one of the Organizational goals.
8. The Organization must take care of the proper age composition in manpower planning and in selection of the persons.
9. The Organization should take appropriate steps to minimize carrier stress.

Guidelines of Career Planning in – HRM

1. A recruitment policy should be formulated by taking into consideration the following aspects-
 - i. Prospective requirement of manpower in different category such as professional, technical, skilled and semi-skilled, etc.
 - ii. Whether the company is in position of offer career opening for all or only to part of the recruits.
 - iii. The effect of public policy and legal/regularity conditions on recruitment and selection, particularly preferences in employment to be given to the handicapped, physically disabled and members of backward classes, schedule castes and tribes.
 - iv. To what extent management will emphasis internal and external sources of recruitment.
2. Promotion policy should be formulated in conformity with the internal and external sources of recruitment promotion plans may be in the form of promotional charts or opportunity charts which must be showed by lines and arrows connecting various jobs, the lines of advancement up to and away from each job.

3. There is a relation between transfer policy and career planning. One is related with remedial transfer, is an employee's performance is not satisfactory and he is more suitable for another job, remedial transfer takes place, where his or her capabilities can be better utilized. The second objective related to the career planning with versatility transfer in which an employee is transfer from one job to another to enable him to gain varied and broader work experience. Proper provision should be made for both of the transfer in transfer policy.

4. One more prerequisite of career planning is the existence of a climate of mutual confidence and trust between the supervisor and his subordinate. Free discussion between them must be done on how to improve the skill, knowledge, attitude, employees needs and opportunities for personal growth and development. Promotion, transfer, suggestions for improving the organisations in creating its benefits developing mutual understanding between them and so on.

14. 6. Advantages of Career Planning in HRM

There are several advantages of career planning given as under:

- (1) Whenever career planning is pursued as an HRD effort by the management employees will work with loyalty, commitment to their assignment ultimately benefited to the organisation.
- (2) Training and development programme will highly maintain to the employees, because training will improve their potential capabilities.
- (3) Career plans and opportunities for advancement, enhances the morale of the employees.
- (4) Designing of an open, non-evaluative, performance appraisal system and its implementation makes the career planning work easier and helps in assessment of promotability of an employee and ascertaining the level of responsibility which an employee can execute.
- (5) Self-appraisal by employees is good in view of career prospects.
- (6) The methods and content of training programmes should be in accordance with the career prospects of employees.
- (7) Counselling is likely to be more convincing and fruitful if it is administered in the light of career plans and opportunities of advancement.

Requisites for Making Career Planning Effective

- i. Top management support
- ii. Growth and expansion
- iii. Clear goals
- iv. Proper selection
- v. Motivated and hardworking staff
- vi. Proper age balance
- vii. Management of career stress
- viii. Fair promotion policy
- ix. Adequate publicity

14.7 SUMMARY

Identifying what you are good at. Knowing how your skills, talents, values, and interests translate into possible jobs or careers. Matching your career goals to your financial needs. Matching your career goals to your educational needs. Making good decisions for yourself. Career planning encourages individuals to explore and gather information, which enables them to synthesize, gain competencies, make decisions, set goals and take action. It is a crucial phase of human resource development that helps the employees in making strategy for work-life balance.

14.8 Keywords

Career Management : Is a life-long process of investing resources to accomplish your future career goals. It is a continuing process that allows you to adapt to the changing demands of our dynamic economy.

career management process embraces various concepts: Self-awareness, career development planning/career exploration, life-long learning, and networking.

14.9 Self-Assessment Questions

1. What is the meaning, definition and objectives of career planning?
2. Explain need and advantages of career planning?
3. Examine the difference between manpower planning and career planning?
4. Advantages of Career planning in HRM?
5. What do you mean by performance appraisal? Discuss the three purposes performance appraisal can meet.
6. Discuss the various steps involved in performance appraisal process.
7. Performance appraisal should be a two-way street. Supervisors evaluate their subordinates, and subordinates should evaluate their supervisors. Do you agree or disagree? Discuss.

14.10 Further Readings

1. Adapted from R. Daft and R. Steers, *Organizations: A Micro/Macro Approach* (Glenview, Ill.: Scott, Foresman and Company, 1986), p. 129.
2. 1. Arun Monappa and Mirza S. Saiyadain : *Personnel Management, Tata MacGraw-Hill Publishing Company Limited, New Delhi, 1997, p. 207.*
3. Wonston Oberg : Making Performance Relevant, *Harvard Business Review*, Vol., 50 No.1, 1972, p. 61.
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5. <https://www.assignmentpoint.com/business/management/concept-performance-appraisal.html>

PROMOTIONS AND TRANSFERS POLICIES

LESSON - 15

Learning Objectives

- To study about the promotion
- To know the purpose of the promotion and transfer
- To analyse the Importance of transfers

Structure

- 15.0. Introduction to Promotion
- 15.1. Purpose and Importance
- 15. 2. Promotion Policy
- 15.3. Principles of Promotion
- 15.4. Introduction to Transfer
- 15.5. Objectives and Purpose of Transfer
- 15.6. Types of Transfers
- 15.7. Summary
- 15.8. Keywords
- 15.9. Self- Assessment Questions
- 15.10 Further Readings

15.0 Introduction

Promotion is vertical movement of an employee within the organization. In other words, **promotion** refers to the upward movement of an employee from one job to another **higher** one, with increase **in** salary, status **and** responsibilities. **Promotion** may be temporary or permanent, depending upon the needs of the organization.

Edwin B. Flippo, "A promotion involves a change from one job to another that is better in terms of status and responsibilities."

Scott & Sprigal, "A promotion is the transfer of an employee to a job that pays more money or that enjoys some better status."

In the words of Paul Pigors and Charles Myers, "Promotion is an advancement of an employee to a better job, better in terms of greater responsibilities, more prestige or status, greater skill and specially increased rate of pay or salary".

Meaning

Promotion means the advancement of an employee to a higher job involving more work, greater responsibility and higher status. It may or may not be associated with the increment in salary. Sometimes, salary of the employee also increases with the promotion. Sometimes it is not so. When an employee is promoted but his salary does not increase it is known as dry promotion. Promotion means the placement of an employee on a higher post involving greater amount of responsibility, better status, more pay and more perks.

15.1. PURPOSE, TYPES AND IMPORTANCE OF PROMOTION

Promotion from within is a very good policy. It is useful for both – employees as well as organisation. Every organisation, therefore, needs a formal and systematic programme of promotion. This promotion programme can be said to be promotion policy.

The main purposes of promotion are:

- (a) To recognize and reward the efficiency of an employee.
- (b) To attract and retain the services of qualified and competent people.
- (c) To increase the effectiveness of the employee and of the organisation.
- (d) To motivate employees to higher productivity.
- (e) To fill up higher vacancies from within the organisation.
- (f) To impress upon those concerned that opportunities are available to them also in the organisation if they perform well.
- (g) To build, loyalty, morale and sense of belongings in the employees

Types of Promotions

Promotions may be multiple chain promotions which provide for a systematic linking of each position to several others. Such promotions identify multi-promotional opportunities through clearly defined avenues of approach to and exit from each position in the organisation.

Promotion may be classified into the following types:

1. Horizontal Promotion:

When an employee is shifted in the same category with increase in pay, responsibilities and change in designation, it is called horizontal promotion. For example Second Division Assistant is promoted as First Division Assistant. This type of promotion may take place within the same department or from one department to another or from one plant to another plant.

2. Vertical Promotion:

When an employee is shifted from a lower category to higher category with increase in pay, status and responsibility it is called vertical promotion. For example a sales Manager is promoted as General Manager in the company.

3. Dry Promotion:

When promotion is made without increase in salary or remuneration, it is called “dry promotion”. For example a college professor promoted as Head of the Department without increase in salary. In dry promotion there will be a change in designation and responsibility without corresponding change in remuneration.

Promotion – Importance

There are two bases of promotion, i.e.:

- 1. Promotion based on Seniority and
- 2. Promotion based on Merit/Performance.

Of course, there is also the third method, a blend of seniority and merit used in a balanced manner.

1. Promotion by Seniority:

Promotion by seniority is one of the popular methods followed for giving promotion to the employee. Seniority is based on the total length of service and is counted from the date of his appointment in the organisation. This method is followed in Government service. However, merits such as qualifications, knowledge, skills, performance, etc., are not given weightage as promotion is based on seniority.

2. Promotion by Merit:

Promotion by merit is generally followed in private organisations. Promotions are based on merits of the employees, i.e., qualifications, knowledge, skills, honesty, initiative, interpersonal relationship, effective communication and of course performance in the job. Seniority is not given weightage. However, unions demand promotions based on seniority, i.e., length of service of the employee.

The HR department has to keep updated records about each employee and such records should include details, performance in the job, increments, performance awards etc. Performance appraisal records would also provide information on the past performance and strengths and weaknesses of the employee.

Promotion – Reasons

There may be many reasons for promoting the employee in an enterprise.

Main reasons are as under:

1. To Reward the ability and efficiency of the employees.
2. To develop the feeling of integration with the enterprise among the employees.
3. To maintain discipline in the enterprise.
4. To provide an opportunity of development to the employees.
5. To motivate them to do their jobs with responsibility.
7. To develop the feeling of loyalty towards employers among the employees.
8. To fill up the higher posts.
9. To establish cordial human relations in the enterprise.
10. To maintain the industrial peace.

15.2 Promotion – Policy

A sound promotion policy means a policy, which is fair, impartial and enjoys consistency. It should state management's intention regarding filling of vacancies from within the organization (i.e. by promotions) or recruiting from outside or from both. In most cases, the superior/higher vacancies in an organization are filled through external recruitment, while the lower level vacancies are filled by promotions.

A promotion policy should provide a well-defined and clear-cut promotion chart. Management should state clearly the base of promotion, i.e. whether seniority is considered or merit, or both. Seniority means the length of service and is counted from the date of employee's appointment in the organization.

Merit refers to a person's qualifications and his competence. There has always been a great controversy with regard to the question whether promotions should be based on seniority or merit, or both. Each base has its own advantages/ merits and disadvantages/demerits.

Elements of Promotion Policy:

Promotion from within is a very good policy. It is useful for both employees and organisation. Every organisation, therefore, needs a formal and systematic programme of promotion. The promotion programme can be said to be a promotional policy.

A sound promotion policy should be invariably based on merit, but seniority should also be taken into consideration. In addition to the relative emphasis on merit and seniority, there are certain other elements which must be duly incorporated in a sound promotion policy.

Areas of Promotion Policy:

1. Promotion Policy Statement should cover the following-
 - i. Internal sources of personnel promotion or external source through recruitment
 - ii. Promotion policy with regard to direct recruits
 - iii. Increase in pay and benefits on promotion
 - iv. Promotion of consistently good performers in the absence of vacancies
2. Basis for giving promotions-
 - i. Performance appraisal system/Confidential reports
 - ii. Promotion based on length of service, performance or both
3. Prepare formal and systematic promotion channels for the benefit of employees. Example- Promotion charts/Opportunity charts/Dead end jobs
4. Provide training for career advancement,
Example- On-the-job training, job rotation, under study, special assignments etc.
5. Communicate the Policy to the employees through union agreement, circulars, manuals, intranet etc.
6. Use of Personnel Records for taking decisions on promotion.

From this point of view, a promotion policy must deal with the following elements:

1. Promotion Policy Statement:

Promotion policy statement should specify whether a particular position will be filled by internal promotion, or it will be filled by open competition involving both internal and external candidates. If it is to be filled-up by open competition, whether some kind of preferential treatment will be given to internal candidates and in what forms.

2. Promotion Routes:

The organization must define the channels for promotion of different categories of employees — unskilled workers, apprentices, technical personnel, and managerial personnel. For each category of employees, it must define the ladder up to which they can ride.

3. Promotion Procedure:

Promotion policy should spell out the procedure which will be followed in promotion and the personnel who will be involved in promotion decision. Generally, the promotion process is initiated by HR department and is completed in association with line managers. HR department helps line management in promoting competent workers.”

4. Basis of Promotion:

Promotion policy should spell out the basis on which the promotion will be made- whether it will be based on merit or seniority, or a combination of both. If there is combination of both, the policy should indicate their relative weight in the promotion of various grades of employees.

15.3 These principles are as follows:

1. Uniformity:

Promotion policy must provide for a uniform distribution of promotional opportunities throughout the organization. As far as possible, the ratio of internal promotions to external recruitment must be the same in all the departments. In absence of this, morale of employees will be seriously impaired in the departments in which rate of promotions is lower.

2. Consistency:

Promotion should have consistency, that is, it must be applied to all personnel concerned. Consistency demands that promotion is linked with career planning of all individuals and promotion is not a sudden spurt and ad hoc to benefit a few individuals.

3. Fair and Impartial:

Promotion policy should be fair and impartial. Fairness and impartiality in promotion ensure that only right personnel are promoted, and other factors such as family connection, caste connection, etc. do not play their role. Further, fairness and impartiality in promotion should not be only for communication but these must be followed in practice, otherwise, promotion may create more conflicts and politics in the organization.

4. Planned Activity:

Promotion policy should ensure that promotion is undertaken as a planned activity and as a regular process, rather than ad hoc process. Promotion must be seen as a backward linkage with assessment of the promotion opportunities on the one hand, and forward linkage with the development of personnel to make them promotable, on the other hand.

5. Sound Basis of Promotion:

There should be sound basis of promotion and it must be made known to the employees. In the light of this, the employees develop their promotability. In absence of sound basis of promotion, organizational politics is heightened because every aspirant for promotion may try for promotion and is likely to use all possible tricks for promotion.

6. Sanction:

All promotions should be finally sanctioned by the concerned authority. Generally, organizations make a provision that HR department proposes the names of potential candidates and send their records to the department making the requisition to fill vacancies through promotion. In this way, the staff authority of HR department does not intrude upon the authority of the department served.

7. Follow-Up:

There should be a suitable system of follow-up to assess the how the promoted employee is working in his new position. The HR department should hold a brief interview with the promoted employee and his new superior to determine whether everything is going well. Many organizations make provision that the promoted employees should be kept on probation for a specified period. If their performance during period is not satisfactory, they may be reverted back to their previous positions. In this case, follow-up action is necessary.

15.4 TRANSFER

Introduction

Transfer is a process of placing employees in positions where they are likely to be more effective or where they are to get more job satisfaction.

In transfers, there is no change in the responsibility, designation, status or salary. It is a process of employee's adjustment with the work, time and place. Transfer may also be made as a disciplinary action.

According to Edwin Flippo, a transfer, "is a change in job where the new job is substantially equal to the old in terms of pay, status and responsibilities".

Transfer is a movement of the employee from one job to another job or some other place without change in status, responsibilities and salary.

Transfer means a change in job assignment. It refers to a horizontal or lateral movement of an employee from one job to another in the same organization without much change in his status or pay package.

15.5 Transfer – Objectives

Transfer may be made to achieve the following objectives:

1. To meet or fulfill organizational needs – To fulfill organisational needs arising out of change in technology, volume of production, production schedule, quality of product etc., an employee may have to be transferred.
2. To satisfy employee needs – Sometimes employees themselves demand transfer due to their personal problems like ill health, family problem native attractiveness or non-cooperation from boss or fellow workers. To satisfy their needs employees may have to be transferred.
3. To adjust the workforce – Employees for excess or surplus in one department may have to be transferred to other department or section where there is shortage of workforce.
4. To reduce monotony and to make the employees versatile – If the employees have stayed on a job continuously for a longer duration, to reduce their monotony and to widen their knowledge and skill, employees are transferred.
5. For effective use of employees – If the management feels that the service of the able employee is to be used in different branches of the same organisation, then such employees will have to be transferred.
6. To punish Employees – If employees are found indulged in undesirable activities like fraud, bribery, duping etc., such employees are transferred to remote places as a disciplinary action.
7. To give the relief to the employees – Employees who are overburdened and doing complicated or risky work for long period are relieved from such work by transferring such employees to a place of their choice.
8. To improve employees background by placing them in different jobs of various departments and units.

Objectives of Transfer of Employees in a Company:

The following are some of the objectives of transfer of employees in a company:

1. To meet the exigencies of the company's business.

2. To meet the request of an employee.
3. To correct incompatibilities of employee relations.
4. To suit the age and health of an employee.
5. To provide creative opportunities to deserving employees.
6. To train the employee for later advancement and promotion. This involves actually job rotation.
7. To deal with fluctuations in work requirements or exigencies at work, such as situations when there is slackness in the work in one department and an overload of work in another, an employee from the first department may be temporarily transferred to the other department as found necessary.
8. To correct erroneous placement.
9. To place the employee in another department where he/she would be more suitable.

Transfer – Purpose

Transfers are generally effected to build up a more satisfactory work team and to achieve the following purposes:

(a) To Meet an Employee's Own-request, when he feels uncomfortable on the job because of his dislike of his boss, or his fellow workers, or because better opportunities for his future advancement do not exist there, or because of family Circumstances which may compel him to change the place of his residence. Such transfers generally have their root in faulty selection and erroneous placement, and are known as personal transfers. They enable employees to feel at home in the work of their choice.

(b) To Utilise Properly the Services of an Employee, when he is not performing satisfactorily and adequately and when the management feels that he may be more useful or suitable elsewhere, where his capacities would be better utilised. Such transfers are called remedial transfers. They act as a follow-up measure of the selection-and- placement procedure and help employees to adjust themselves to suitable jobs.

(c) To Satisfy Such Needs of an Organisation, as may arise out of change in the quantity of promotion, fluctuations in work requirements, and changes in the organisational structure; the introduction of new lines of promotion, the dropping of existing product lines, the reallocation of, or reduction in the work force due to a shortage or a surplus in same section so that lay-offs may be avoided; filling in of the vacancies which may occur because of separations or because of the need for suitable adjustments in business operations.

Such transfers are known as promotion transfers, flexibility transfers, or organisational transfers. The purpose of such transfers is to stabilise employment in an organisation. They are generally controlled centrally through and by the personnel department.

(d) To Increase the Versatility of the Employee, by shifting him from one job to another so that he may have ample opportunities for gaining a varied and broader experience of work. Such transfers are known as versatility transfers. They make it possible for an employee to enjoy the facility of job enrichment, which in turn gives to the management a more effective and experienced employee for a higher job.

(e) To Adjust the Work Force of One Plant with that of another, particularly when one is closed down for reasons beyond the control of the employer. Such transfers are known as

plant transfers and are generally effected on humanitarian grounds to ensure that persons who have been long in service of an organisation are not thrown out of employment.

(f) To Penalise the Employee Transfer are Also Done, under which either a difficult trade union activist or intriguer or sea lawyer may be transferred to a remote branch or office where he cannot continue his activities. In Government organisations, this practice is widespread, and is also preferred by the employee to the grim alternative of disciplinary action.

(g) To Help Employees Work, according to their convenience so far as timings are concerned; for example, an employee is transferred from night shift to morning shift or from the first to the second shift (as in the case of women workers who may like to look after their children and do the necessary domestic work in the morning hours). Such transfers are known as shift transfers.

(h) Transfer for the Maintenance of a Tenure System, in senior administrative services of the Government and also in industries, or where there is a system of annual intake of management trainees such transfers are common. Here the employee holds a certain job for a fixed tenure but he is made to move from job to job with a view to enabling him to acquire a variety of experience and skills and also to ensure that he does not get involved in politicking informal groups.

(i) To Replace a New Employee by An Employee, who has been in the organisation for a sufficiently long time. Such transfers are known as replacement transfers, the purpose being to give some relief to an old employee from the heavy presser of work.

15.6 Types of Transfers

Aswathappa (2006) proposed the following five types of transfers:

1. Production Transfer:

Employees are posted in different departments, based on their interests and qualifications. This also depends on the work load that a department possesses. However, this load keeps fluctuating, and the demand for manpower keeps changing with time.

For departments with surplus manpower, lay-off is a solution. However, a better solution is the interdepartmental transfer to balance the manpower allocation. In simpler terms, production transfer refers to the transfers ordered to avoid such unavoidable lay-offs.

2. Replacement Transfer:

When an employee leaves a department for a particular reason, the department needs a replacement. In such scenarios, especially in demanding situations, a senior employee might have to function in place of the junior employee, till the time a replacement is found. Senior employees are required to work in place of junior employees even in situations of declining production. Thus, replacement transfer also helps in reducing the organizational need for lay-off; particularly for long-service employee.

3. Versatility Transfer:

Some organizations believe that the workforce needs to have multiple skills capable to perform multiple tasks. People can achieve multiple skills only by working in different departments. In learning organizations such as ordnance factories, banks, and many private companies, people get the scope of working in different departments and can learn different systems, procedures, and rules and regulations.

They gain the necessary skills to attend to the activities in the departments, and ultimately become versatile. People who pick up their tasks quickly emerge to become the company's

assets. During rush periods, they are able to contribute greatly to achieve business goals. Versatile transfer may comprise production transfer or replacement transfer.

4. Shift Transfer:

In order to enhance capacity utilization, industrial organizations, operate in multiple shifts—generally morning, evening, and night shifts. Some organizations allot employees to staggered shifts as well. Employees are engaged in all the shifts on a rotational basis. Requests of employees for transfers on a particularly shift are also entertained, considering the importance of ground of requests. However, conformance to law and administrative procedures are essential requirements to avoid employee unrest.

5. Remedial Transfer:

After induction, employees are placed in a department and jobs are assigned to him/ her, and their performance and behavioural dispositions are recorded. Some employees may emerge as good performers, while many others may emerge as underperformers. In course of time, an employee's inclination to work is also observed. The objective of remedial transfer is therapeutic in nature, that is, to rectify the wrong placement.

In other words, remedial transfer is an act of transferring an employee to a more suitable job after they have failed to perform well in their present position. Poor performance could be attributed to reasons such as an employee being uncomfortable in his job as he may not possess good relations with his senior or suffer from ill health.

Principles of Transfer Policy:

Every organization should have a clear, unambiguous and sound transfer policy.

It must be based on the following principles:

- (i) It should clearly indicate the types and circumstances under which a transfer will be made.
- (ii) It should state the frequency of transfers and minimum time period between the transfers.
- (iii) It should tell who will be responsible for initiating and approving the transfers.
- (iv) It should indicate the criteria or the basis of transfer and follow it strictly.
- (v) It should point out the effect of transfer on the pay and seniority of the transferred employee.
- (vi) It should indicate whether this transfer is temporary or permanent.
- (vii) It should make a provision for timely communicating the transfer decision.
- (viii) It should specify the area of the organization over which the transfers can be made.

It is the responsibility of the management to formulate a fair and impartial transfer policy for the transfers of employees from the one positions or places to another positions or places and which should be known to the employees to avoid any ambiguity and arbitrary manner transfers.

The policy should contain the following information:

- (a) Special circumstances where the company will allow transfer/ initiate it.
- (b) Name of superiors who are empowered to initiate transfers.
- (c) Reasons for mutual transfers.

- (d) Region or unit of the organization within which transfer will be administered.
- (e) Assurance given to employee about his seniority being kept intact and the benefits of the new job.
- (f) The minimum time that an employee will have to be on the new job before he/she is again transferred.
- (g) Norms to decide priority when more employees ask for transfer.
- (h) Order of priority or reasons which will be considered for transfer.
- (i) Type of training which will be imparted on transferred employee on new job.
- (j) If transfer has to be made in a hostile area like, for defence personnel, in a troubled border area, then details of special allowance, luggage packing allowance, transport allowance etc. should be clearly mentioned in the transfer policy.

A sound transfer policy must be clear on the following points:

- (a) Circumstances under which transfers can be made.
- (b) The area or unit over which transfer will take place.
- (c) The basis of transfer, seniority or ability or both.
- (d) Responsibility of initiating and approving the transfers.
- (e) Type of training to be imparted on the new job.
- (f) The pay to be received by the transferee on the new job.

15.7 Summary

Promotion is defined as the movement of an employee from one position to another position of a higher pay grade or salary. Transfer is defined as the movement of an employee from one position to another position at the same pay grade level or similar salary. An important function of personnel management is to help the all-around development of the employee of the enterprise. Transfer makes a great contribution in the all-around development of employees. Placement of an employee from one place to another, from one developed department to another, for one job to another, is called transfer. Transfer does not involve any change in the responsibility, salary, status or facilities of the employees.

15.8 Keywords

Promotion: Activity that supports or encourages a cause, venture, or aim.

Employee: A person employed for wages or salary, especially at non-executive level.

Transfer : An act of moving something or someone to another place, organization, team, etc.

Training :The action of teaching a person or animal a particular skill or type of behaviour.

15.9 Self – Assessment Questions

1. What is meaning and definition of promotion?
2. What are the principles of promotion in organizations?
3. Discuss the importance and purpose of promotions in HRM?

4. Discuss the meaning, definition and objectives of the transfer?
5. Explain the types of transfers?
6. What are the principles and policy of transfer in HRM?

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LESSON – 16

TEAM BUILDING, LIAISON AND E-MAIL WRITING SKILL

Learning Objectives

- To read up on the Employee Separation
- To the basis of Employee Separation Major Forms
- To learn about the Exit Interview

Structure

- 16.0 Introduction
- 16.1. Employee Separation – Major Forms
- 16.2. Employee Separation Distinct Phases – Life and Professional Aspect
- 16.3. Factors Responsible for Employee Separation
- 16.4. Exit Interview
- 16.5. Purpose of Exit Interviews
- 16.6. Methods of Conducting Exit Interviews
- 16.7. Summary
- 16.8. Keywords
- 16.9. Self Assessment Questions
- 16.10. Further Readings

1. Introduction

Employee separation needs to be handled with sensitivity, discretion, and speed so that exits can happen without injuring the sentiment and burning bridges with the employee. It should not be forgotten that the employees are the most effective brand ambassadors for the company.

The separating employee has to return all property of the company that was under his/her custody. The entire separation process should happen smoothly and the separating employee should never feel harassed though he/she can become emotional at times. Soon after the exit interview, employees are bid farewell.

Employee separation needs to be handled with sensitivity, discretion, and speed so that exits can happen without injuring the sentiment and burning bridges with the employee. It should not be forgotten that the employees are the most effective brand ambassadors for the company.

As per the Webster Dictionary, attrition is a reduction in the number of employees usually as a result of resignations, retirement or death. The other term used for attrition is employee turnover. Employees leave the organisation for various reasons and some of the reasons are- (a) compensation and benefits (b) career prospects (c) job related issues (d) organisational functioning (e) personal factors. It should be noted that there are no readymade techniques or tools to prevent employee attrition. Employee retention and engagement programmes have to become an important part of HR policies of the organisation.

16.1 Employee Separation – Major Forms

1. Downsizing:

Due to thrust on modernisation, technological upgradation, competitiveness, cost effectiveness, high quality products, delivery schedule, etc., many old and established

industries are facing stiff competition from not only newly set up modern industries with latest machinery and equipment but even by the small-scale sector. Many of the traditional industries with obsolete machinery, high cost of production, low quality, and low productivity and over staffing are compelled to take a close look at all aspects of cost of production including utilisation of human resources.

Some of the age old industries like textiles, coal mines, steel, engineering units and even a few multinationals are forced to adopt urgent measures to rationalise their manpower. Many companies are compelled to go for a lean organisation structure by cutting down extra manpower at each managerial level. Similarly, workers with knowledge and skills are preferred in sectors like IT, finance and insurance industries.

Reasons for Surplus Manpower in an Organisation:

- Outdated products and changes in consumer tastes and preferences
- Continued sluggish market conditions
- Technological obsolescence
- Low labour productivity and high wage cost
- Recession in the industry
- Stiff competition
- Restrictions on expansion/diversification on the existing units etc.

The HR department has to prepare a suitable downsizing plan in consultation with senior managers in the organisation.

Some of the factors considered for identifying employees under downsizing plan are:

- (i) Age of the employee,
- (ii) Educational qualification,
- (iii) Knowledge, skills and attitude of the employee,
- (iv) Past performance in the job,
- (v) Physical fitness of the employee,
- (vi) Willing to accept transfer/relocate,
- (vii) Willing to undergo training to upgrade knowledge and skills etc.

Voluntary retirement scheme, lay off, retrenchment are some of the methods followed by companies to reduce manpower.

Right sizing of workforce means employing exact number of employees with require knowledge, skills and attitude to perform the existing jobs in an organisation. Detailed analysis of external and internal factors and job analysis are carried out to arrive at exact number of people required.

2. Voluntary Retirement Scheme (VRS):

Voluntary Retirement Scheme popularly known as Golden Handshake is one of the methods of reducing surplus labour in an organisation. The scheme is not new to our industry. In fact some of the public and private sector undertakings like Guestkeen Williams Limited have resorted to VRS for reducing their workforce as early as in 1976.

It has gathered momentum since early 1990s. A large number of companies like ITC, ACC, Blue Star, Hindustan Lever, Crompton Greaves, Atlas Capco, Mahindra and Mahindra, Ciba

Geigy, Kirloskar, Sandoz, Pfizer, Batliboi, Hoechst, Commercial banks have introduced Voluntary Retirement Schemes.

Under the scheme, the organisation announces a VRS and interested employees have to apply for voluntary separation from the organisation. They are relieved as per the terms and conditions of the VRS. One of the attractions of the scheme is that the amount payable under VRS scheme is eligible for tax relief.

Compulsory Retirement or Iron Handshake:

HR department with inputs from line managers prepares a list of surplus employees and discharges them from the service without providing additional financial benefits, other than the normal retirement benefits due to the employees. Therefore, it is called compulsory retirement or 'iron handshake'.

3. Lay-Off:

Lay-off is a temporary separation of an employee at the instance of an employer under specific situation. Though it is temporary separation, sometimes, it turns out to be a permanent one, as production never picks up a laid off workers are not reemployed in the organisation. The longer the period of lay-off, the less the possibility that the individual will return to the organisation.

Causes for lay-off are:

- a. Decline in sales,
- b. Shortage of raw materials,
- c. Market fluctuations,
- d. Delays in production,
- e. Displacement due to technology and
- f. Surplus labour and high labour cost.

Three conditions are present in lay-off, i.e.:

- a. No work is available for the employees,
- b. No work situation is temporary and short term and
- c. Management would like to recall the employees when work is again available. Therefore, lay-off is not a termination which is a permanent severing of employment.

Lay-off creates problems for the management as well as the union. The management has to ensure production as per plan. They would like to retain skilled and competent labour and the same time they have to give utmost attention the morale of the affected employees. The union is concerned with impartial ways to distribute the limited work among the members. Seniority is considered in layoff of organised labour, other things such as ability and physical fitness being equal. In the case of unorganised labour, the management retain good performers and lay-off those who are the least efficient.

4. Discharge:

Discharge is permanent separation of the employee from the payroll of the company frequently due to some incompetence or offence by the employee. The reasons for discharge may be willful violation of rules, insubordination, dishonesty, violent and aggressive acts, inefficiency, unauthorised absence from duty for a long time, alcoholism etc. Discharge is the most stressful method of separation of an employee.

Dismissal is the termination of the services of an employee as a punitive measure for some misconduct. Discharge also means termination of the services of an employee but not necessarily as a punishment. A discharge does not arise from a single irrational act.

Some of the points to be considered while discharging employees are:

- a. Clearly list the reasons for discharge.
- b. Inform the individual about the reasons for discharge.
- c. The manager concerned should be familiar with the rules and regulations.
- d. Discharge has to be administered by line managers.
- e. There should be a clear cut procedure to settle the case of a discharged employee.
- f. There should be provision for review of the discharged employee in the case of organised workforce.
- g. If the employee is found to be incompetent, attempts should be made to find another position for him/transfer of the employee could be considered.

5. Retrenchment:

HR function starts with recruitment and selection of employee and ends with separation of employee from the organisation. Retrenchment is the permanent termination of an employee's service due to economic reasons such as surplus staff, poor demand for products, general economic slowdown etc. Termination of services on disciplinary grounds, illness, winding up of business, etc., does not constitute retrenchment.

As per Industrial Dispute Act (1947), the employer has to give three months' notice or pay equivalent wages before the actual lay-off date. While retrenching workmen, the employer has to follow the first-in-last-out principle. Further the employer has to get prior approval from Government before retrenching workers.

6. Termination of Key Managers:

Of all forms of separations, the most difficult job is terminating the services of a person especially if he is holding a senior position in the organisation. This is because the key person may have access to confidential and sensitive documents and may have excellent support within the department/organisation. Therefore the management has to do adequate homework before taking a decision for terminating the services of such key people. Of course, the management may give some time to the person so that he can find out employment opportunities elsewhere.

Some of the points to be considered are given below:

- a. Free and frank discussion with the person whose performance is very poor.
- b. Identify areas of weaknesses and prepare a plan for overcoming weaknesses.
- c. Clearly indicate in writing that the services will be terminated if he does not make sufficient progress as per discussions.
- d. Closely monitor the progress shown by the person.
- e. Document all the discussions for ready reference.
- f. If the person does not show progress, resignation letter should be requested.
- g. The affected person will be upset and may become verbally explosive. The manager has to remain cool and calm.
- h. The specific reason for terminating the services of the person should not be released to protect the rights of the released person.

7. Pink Slip:

Pink Slip is an American term that refers to being fired or laid off from one's job. It refers to American practice of HR department of including a discharge notice in the employee's salary envelope informing him that his employment has been terminated. Receiving a Pink Slip has become a 'Metaphor' for termination of employment in general. It is a slang term and refers to the notice issued for employment termination or fired from the job.

Many of the pink slips being given out today have little to do with individual performance and it is not the end of the career. There are other employers looking for talent. With negative economic conditions or market down trend, pink slip is not seen as a negative mark against a person. The employers are concerned with knowledge, skills and attitude of the candidates.

8. Outplacement and Exit Interview:

(a) Outplacement – Under this programme, career guidance is provided to displaced employees to help them in their search for a new job. Guidance is given on resume writing, answering questions during interviews and job searching.

Outplacement activities are handled by third parties who are paid based on the number of outplaced employees. Outplacement services include emotional support and assistance in job research.

(b) Exit Interview – Many companies conduct exit interviews with employees who are leaving the organisation for whatever may be the reason. The interview is conducted normally by HR manager to get feedback from employee regarding the job, the boss, company policies and procedures etc.

16.2 Employee Separation Distinct Phases – Life – Professional Aspect

A separation has many more dimensions than just cessation of a regular job, and marks the end of a long chapter in one's life. Obviously, for an individual, this is the time for quick change, especially for those who were at the peak of their careers and power status. For some, it might be a time of confusion, uncertainty, and planning.

One of the choices for leaving the company could be to pursue purely life- related aspects, and have an understanding of moving away from the professional realm or monarchy. Many options exist for a professional after separation. Sometimes, individuals desire to be reengaged in same profession or change tracks.

On the other hand, many prefer to lead a post-retirement life by sacrificing professional competence. Studies in the West show that as many as 70 per cent of people would like to continue in some profession or another to keep them busy. Many even wish to continue their regular jobs.

The course of action depends on the preparations that enable the transition, life attitude, and perceptions. Psychologically, retirement is one phase in the occupation, which leads either to personal satisfaction and self-fulfillment with contribution to organization, society, family and self or job discontentment, sense of low self-worth, or negative outlook to organization and society.

This ultimately leads either to positive or negative orientation to life. Either way, it reflects the life cycle and the options possible for post-retirement life. The happiness one experiences

or the attitude towards others would largely depend on the outcome when one retires or separates from the career. It is usually seen that positive people go for better options, while the not-so-happy ones either opt out or become frustrated.

There exist two distinct aspects or phases after separation:

1. The life aspects, and
2. The professional aspects.

1. Life Aspects:

The most common life aspects are the following:

- i. Catching up with friends and relatives
- ii. Concentrating on one's health
- iii. Devoting more time for oneself and with the family
- iv. Developing social networks
- v. Engaging in more domestic and social roles
- vi. Engaging in spiritual pursuits
- vii. Planning for exploring various leisure pursuits
- viii. Resting and relaxing.

2. Professional Aspects:

The most common professional aspects are as follows:

- i. Accepting that regular salary income might cease
- ii. Continuing professional credibility
- iii. Developing different equations with the professional networks that has developed earlier
- iv. Fading away of status with designation and roles
- v. Feeling of frustration of lack of avenues to exhibit one's talent and knowledge or freedom from job demands
- vi. Moving out of operational roles
- vii. Moving out of regular professional networks
- viii. Sensing that more time is available and activities have declined.

16.3 Factors Responsible for Employee Separation

1. Unavoidable factors such as job with better prospects, illness/accident, retirement, death and marriage in the case of female employees.
2. Avoidable factors include lack of congenial working atmosphere in office/factory, lack of facilities and amenities, ill treatment, no provision for training, rude behaviour of superiors etc. If workers leave due to lack of good working conditions, it is a matter of anxiety and the management should look into the problems and take appropriate action. High employee turnover affects the stability of the organisation and therefore it is not desirable.

It is expensive too due to the following reasons:

- a. Cost of recruitment, selection and placement.
- b. Training costs.
- c. Loss of production due to delay in recruitment.
- d. Time taken by employee to settle down in the job and become productive.
- e. Overtime charges incurred to complete the work in the absence of regular.
- f. Delay in meeting deadlines and delivery schedule.

Measures to Reduce Employee Separation:

1. Scientific recruitment and selection policy

2. Adequate training to meet the job requirements
3. Fair wages and incentives
4. Congenial working conditions
5. Job security and job satisfaction
6. Management should have equal concern for task and employee welfare
7. Merit based promotions
8. Effective industrial relations

16.4 Exit Interview

Introduction

In human resource terms, an exit interview is a survey that is conducted with an employee when he or she leaves the company. The information from each survey is used to provide feedback on why employees are leaving, what they liked about their employment and what areas of the company need improvement. Exit interviews are most effective when the data is compiled and tracked over time.

Exit interview is a human resource practice carried out by the organization to gain valuable feedback from the employee who is leaving the organization. It is a standard procedure to obtain insights on the company's strengths and weaknesses, as perceived by the leaving employee.

In an exit interview, an interviewer can be an HR representative, manager, owner or any other person like a third-party consultant. An interviewee is a person who is terminating his/her services in the organization.

16.5 Purpose of Exit Interviews

For companies, time is equivalent to money. Then why do they invest their ample time in carrying out exit interviews?

This is because such practice can set human resource benchmarks for the companies in the following ways:



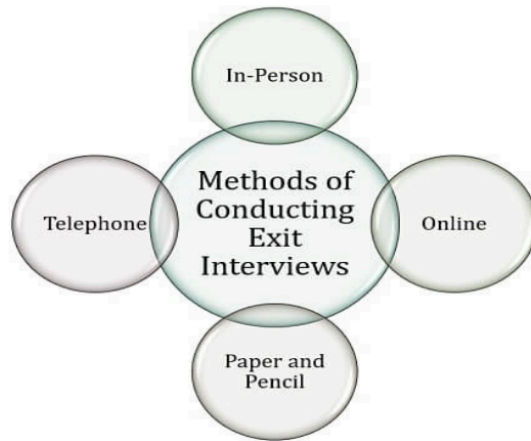
- **Acquire Constructive Feedback:** Exit interview is essential to know the unseen strengths and weaknesses of the company from the employee's perspective.
- **Gather Information on Managerial Effectiveness:** It is a useful method for evaluating the manager's efficiency and leadership skills in the work environment.
- **Build a Positive Brand Image:** When the employees can share their grievances within the company premises, they feel satisfied and speaks positively in public.
- **Understand the Prevailing Human Resource Issues:** An exit interview can unfold many pages of the human resource management flaws prevailing in the company.
- **Become Aware of Competitor's Human Resource Benchmarks:** If the employee is about to join a competitive firm, the management can get the idea about the human resource standards and practices of the competitor.
- **Find Out the Scope for Improvement:** The exiting employee can throw light upon the human resource shortcomings which have not been considered by the company yet.

Learn about Employee's Perspective: Every personnel has a different opinion about the company, the job, the people and the work environment. Since the employee would convey this impression to the outside world, the company must be aware of it.

16.6 Methods of Conducting Exit Interviews

How is an exit interview carried out? What all modes do the interviewer has for it under different circumstances?

Exit interviews usually proceed through personal interaction; however, the company has other means too for such practice. Let us understand the four prominent ways of taking exit interviews:



In-Person: This is a frequently used method of exit interviews where the interviewer engages in a one to one conversation with the interviewee (departing employee).

This type of EI is carried out in the office premises itself. The interviewer has to enter the gathered information in the system physically.

Online: This kind of exit interview is popular in the globally operating companies. The departing employee is asked to take the exit interview on the company's website.

It provides authentic information and also facilitates automatic data-keeping through the information system.

Paper and Pencil: On the leaving date, the EI form is manually presented or mailed to the leaving employee. It is an elaborated form with multiple questions.

However, many times, employee hesitate in giving an honest review or even avoid submitting the form.

Telephone: A representative from a third party or the HR team reaches out the leaving employee over a phone call to carry out the exit interview.

However, it is an inefficient method due to excessive cost involved in it.

Exit Interview Questions

An exit interview is vital for every organization, whether it is a substantial corporate or a small business entity.

Now we are going to discuss some critical EI questions and the insights that each of them provides to the management:

- Were you satisfied with the job profile?
- ✓ This question is merely asked to know if the employee has any role ambiguity or dissatisfaction from the duties assigned to him/her.
- Did you ever intend a long-term association with the organization?
- ✓ It facilitates the management to understand whether the employee was serious about the job or he/she took it up as a temporary or secondary option.
- How did you perceive your career goals in this company?
- ✓ This is to find out about the future expectations and career objectives of the personnel if he/she remained associated with the organization for an extended period.
- What is your opinion about your manager or supervisor?
- ✓ This question can prove to be a landmark to ensure the manager's efficiency and his/her leadership style.
- What is your opinion about your team?
- ✓ It analyzes the human resource planning abilities in the context of the composition, quality, interpersonal relationship and performance of the group or team, in which the exiting employee was placed.
- Were you satisfied with your remuneration and other benefits?
- ✓ Here, the company can determine if their remuneration system meets employee expectations. Also, if the competitors have a stronger compensation model through which they may attract the company's top talents.
- Was sufficient training provided to you?
- ✓ This question helps to find out the loopholes in the training and development process of the company.
- Do you think that the resources provided to you for task accomplishment were adequate?
- ✓ The company can take note of any hindrance in production, due to lack of sufficient tools, amenities and resources.

- What are the benefits offered by your new company?
- ✓ If the employee is leaving the job to avail a better opportunity, the company can analyze and compare the additional benefits which the employee's new company is providing.
- According to you, what improvements shall we make to retain our valuable resources?
- ✓ This is the most valuable information for the company. The exiting employee may enlighten some significant reasons for increasing employee turnover.

Also, it helps in strengthening the organization's human resource strategies which may have been ignored for an extended period.

16.7 Summary

Every personnel have a different opinion about the company, the job, the people and the work environment. Since the employee would convey this impression to the outside world, the company must be aware of it. An exit interview is a wrap-up meeting between the management and an employee who is leaving an organisation, be it voluntarily or via termination. The objective behind exit interviews is to harvest constructive feedback that can help guide future practices.

16.8 Keywords

Employee: A person employed for wages or salary, especially at non-executive level.

Organisation : An organized group of people with a particular purpose, such as a business or government department.

16.9 Self –Assessment Questions

1. What is the meaning of employee separation? Write brief note on it.
2. Explain about the major forms of employee separation?
3. Discuss the employee separation distinct phases?
4. What is exit interview? Discuss about the process of exit interview?
5. Examine the process of exit interview?
6. Discuss the different methods of exit interview?

16.10 Further Readings

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LESSON -17

COMPENSATION

Learning Objectives

- To understand the Concept of Compensation
- To study the Types of Compensation
- To Learn the Methods or Factors of Compensation

Structure

17.0 Introduction
17.1 concept of Compensation
17.2 Components of Compensation
17.3 Non-Monetary Benefits
17.4 Types of Compensation
17.5 Methods or Factors of Compensation
17.6 Summary
17.7 Key words
17.8 Self Assessment Questions
17.9 Further Readings

17.0 Introduction

Compensation of employees for their services is important responsibility of human resource management. Every organization must offer good wages and fringe benefits to attract and retain talented employees with the organization. If at any time, the wages offered by a firm are not competitive as compared to other firms, the efficient workers may leave the firm. Therefore, workers must be remunerated adequately for their services. Compensation to workers will vary depending upon the nature of job, skills required, risk involved, nature of working conditions, paying capacity of the employer, bargaining power of the trade union, wages and benefits offered by the other units in the region or industry etc., Considering that the current trend in many sectors (particularly the knowledge intensive sectors like IT and Services) is to treat the employees as "creators and drivers of value" rather than one more factor of production, companies around the world are paying close attention to how much they pay, the kind of components that this pay includes and whether they are offering competitive compensation to attract the best talent

Gary Dessler in his book Human Resource Management defines compensation in these words "Employee compensation refers to all forms of pay going to employees and arising from their employment." The phrase 'all forms of pay' in the definition does not include non-financial benefits, but all the direct and indirect financial compensations.

According to Thomas J. Bergmann (1988) compensation consists of four distinct components: Compensation = Wage or Salary + Employee benefits + Non-recurring financial rewards + Non-pecuniary rewards.

17.1 The Concept of Compensation

Compensation refers to a wide range of financial and non financial rewards to employees for their services rendered to the organization. It is paid in the form of

HRM	17.2	Compensation
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wages, salaries and employee benefits such as paid vacations, insurance maternity leave, free travel facility, retirement benefits etc., Monetary payments are a direct form of compensating the employees and have a great impact in motivating employees.

The system of compensation should be so designed that it achieves the following objectives.

The capable employees are attracted towards the organization

The employees are motivated for better performance

The employees do not leave the employer frequently

17.2 Components of Compensation

17.2.1 Basic Wages/Salaries

Basic wages / salaries refer to the cash component of the wage structure based on which other elements of compensation may be structured. It is normally a fixed amount which is subject to changes based on annual increments or subject to periodical pay hikes. Wages represent hourly rates of pay, and salary refers to the monthly rate of pay, irrespective of the number of hours put in by the employee. Wages and salaries are subject to the annual increments. They differ from employee to employee, and depend upon the nature of job, seniority, and merit.

17.2.2 Dearness Allowance

The payment of dearness allowance facilitates employees and workers to face the price increase or inflation of prices of goods and services consumed by him. The onslaught of price increase has a major bearing on the living conditions of the labour. The increasing prices reduce the compensation to nothing and the money's worth is coming down based on the level of inflation. The payment of dearness allowance, which may be a fixed percentage on the basic wage, enables the employees to face the increasing prices.

17.2.3 Incentives

Incentives are paid in addition to wages and salaries and are also called 'payments by results'. Incentives depend upon productivity, sales, profit, or cost reduction efforts.

There are:

- (a) Individual incentive schemes, and
- (b) Group incentive programmes.

Individual incentives are applicable to specific employee performance. Where a given task demands group efforts for completion, incentives are paid to the group as a whole. The amount is later divided among group members on an equitable basis.

17.2.4 Bonus

The bonus can be paid in different ways. It can be fixed percentage on the basic wage paid annually or in proportion to the profitability. The Government also prescribes a minimum statutory bonus for all employees and workers. There is also a bonus plan which compensates

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the managers and employees based on the sales revenue or profit margin achieved. Bonus plans can also be based on piece wages but depends upon the productivity of labour.

17.3 Non-Monetary Benefits

These benefits give psychological satisfaction to employees even when financial benefit is not available. Such benefits are:

- (a) Recognition of merit through certificate, etc.
- (b) Offering challenging job responsibilities,
- (c) Promoting growth prospects,
- (d) Comfortable working conditions,
- (e) Competent supervision, and
- (f) Job sharing and flexi-time.

17.3.1 Commissions

Commission to managers and employees may be based on the sales revenue or profits of the company. It is always a fixed percentage on the target achieved. For taxation purposes, commission is again a taxable component of compensation. The payment of commission as a component of commission is practiced heavily on target based sales. Depending upon the targets achieved, companies may pay a commission on a monthly or periodical basis.

17.3.2 Mixed Plans

Companies may also pay employees and others a combination of pay as well as commissions. This plan is called combination or mixed plan. Apart from the salaries paid, the employees may be eligible for a fixed percentage of commission upon achievement of fixed target of sales or profits or Performance objectives. Nowadays, most of the corporate sector is following this practice. This is also termed as variable component of compensation.

17.3.3 Piece Rate Wages

Piece rate wages are prevalent in the manufacturing wages. The laborers are paid wages for each of the Quantity produced by them. The gross earnings of the labour would be equivalent to number of goods produced by them. Piece rate wages improves productivity and is an absolute measurement of productivity to wage structure. The fairness of compensation is totally based on the productivity and not by other qualitative factors.

17.3.4 Fringe Benefits

Fringe benefits may be defined as wide range of benefits and services that employees receive as an integral part of their total compensation package. They are based on critical job factors and performance. Fringe benefits constitute indirect compensation as they are usually extended as a condition of employment and not directly related to performance of concerned employee. Fringe benefits are supplements to regular wages received by the workers at a cost of employers. They include benefits such as paid vacation, pension, health and insurance plans, etc. Such benefits are computable in terms of money and the amount of benefit is generally not predetermined. The purpose of fringe benefits is to retain

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efficient and capable people in the organization over a long period. They foster loyalty and acts as a security base for the employees.

17.3.5 Profit Sharing

Profit-sharing is regarded as a stepping stone to industrial democracy. Profit-sharing is an agreement by which employees receive a share, fixed in advance of the profits. Profit sharing usually involves the determination of an organization's profit at the end of the fiscal year and the distribution of a percentage of the profits to the workers qualified to share in the earnings. The percentage to be shared by the workers is often predetermined at the beginning of the work period and is often communicated to the workers so that they have some knowledge of their potential gains. To enable the workers to participate in profit sharing, they are required to work for certain number of years and develop some seniority.

The theory behind profit-sharing is that management feels its workers will fulfil their responsibilities more diligently if they realize that their efforts may result in higher profits, which will be returned to the workers through profit-sharing.

17.4 Types of Compensation / Base and Supplementary Compensation

Total compensation returns are more transactional. They include pay received directly as cash (like base, merit, incentives, cost of living adjustments) and indirectly as benefits (like pensions, medical insurance, programs to help balance work and life demands, brightly coloured uniforms). Programme to pay to people can be designed in a wide variety of ways, and a single employer typically uses more than one.

17.4.1 Direct /Base Compensation

Direct compensation refers to monetary benefits offered and provided to employees in return of the services they provide to the organization. The monetary benefits include basic salary, house rent allowance, conveyance, leave travel allowance, medical reimbursements, special allowances, bonus, Pf/Gratuity, etc. They are given at a regular interval at a definite time.

17.4.2 Basic Salary

Salary is the amount received by the employee in lieu of the work done by him/her for a certain period say a day, a week, a month, etc. It is the money an employee receives from his/her employer by rendering his/her services.

17.4.3 House Rent Allowance

Organizations either provide accommodations to its employees who are from different state or country or they provide house rent allowances to its employees. This is done to provide them social security and motivate them to work.

17.4.4 Conveyance

Organizations provide for cab facilities to their employees. Few organizations also provide vehicles and petrol allowances to their employees to motivate them.

17.4.5 Leave Travel Allowance

These allowances are provided to retain the best talent in the organization. The employees are given allowances to visit any place they wish with their families. The allowances are scaled as per the position of employee in the organization.

17.4.6 Medical Reimbursement

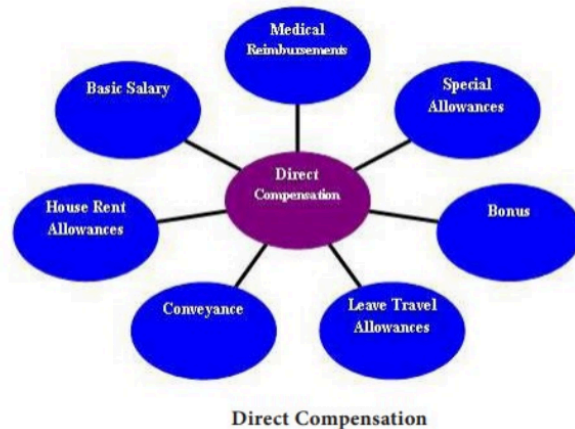
Organizations also look after the health conditions of their employees. The employees are provided with medi-claims for them and their family members. These medi-claims include health-insurances and treatment bills reimbursements.

17.4.7 Bonus

Bonus is paid to the employees during festive seasons to motivate them and provide them the social security. The bonus amount usually amounts to one month's salary of the employee.

17.4.8 Special Allowance

Special allowance such as overtime, mobile allowances, meals, commissions, travel expenses, reduced interest loans; insurance, club memberships, etc are provided to employees to provide them social security and motivate them which improve the organizational productivity.



Indirect /Supplementary Compensation

Indirect compensation refers to non-monetary benefits offered and provided to employees in lieu of the services provided by them to the organization. They include Leave Policy, Overtime Policy, Car policy, Hospitalization, Insurance, Leave travel Assistance Limits, Retirement Benefits, Holiday Homes.

17.4.9 Leave Policy

It is the right of employee to get adequate number of leave while working with the organization. The organizations provide for paid leaves such as, casual leaves, medical leaves (sick leave), and maternity leaves, statutory pay, etc.

17.4.10 Overtime Policy

Employees should be provided with the adequate allowances and facilities during their overtime, if they happened to do so, such as transport facilities, overtime pay, etc.

17.4.11 Hospitalization

The employees should be provided allowances to get their regular check-ups, say at an interval of one year. Even their dependents should be eligible for the medi-claims that provide them emotional and social security.



Indirect Compensation

Insurance Organizations also provide for accidental insurance and life insurance for employees. This gives them the emotional security and they feel themselves valued in the organization. Leave Travel The employees are provided with leaves and travel allowances to go for holiday with their families. Some organizations arrange for a tour for the employees of the organization. This is usually done to make the employees stress free. Retirement Benefits Organizations provide for pension plans and other benefits for their employees which benefits them after they retire from the organization at the prescribed age. Holiday Homes Organizations provide for holiday homes and guest house for their employees at different locations. These holiday homes are usually located in hill station and other most wanted holiday spots. The organizations make sure that the employees do not face any kind of difficulties during their stay in the guest house. Flexible Timings Organizations provide for

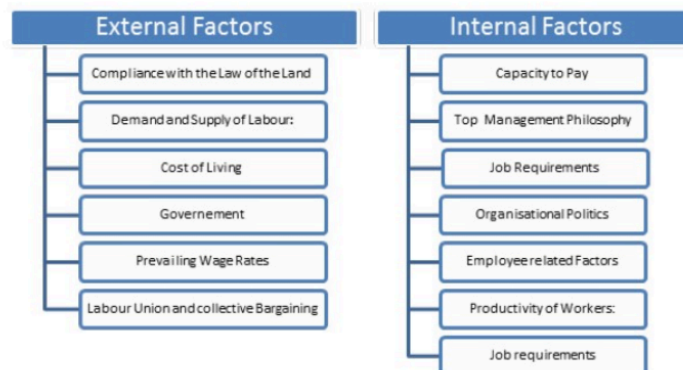
flexible timings to the employees who cannot come to work during normal shifts due to their personal problems and valid reasons.

Factors Considered in Deciding the Compensation Employers decide on what is the right compensation after taking into account the following points.

The Job Description of the employee that specifies how much should be paid and the parts of the compensation package. The Job Description is further made up of responsibilities, functions, duties, location of the job and the other factors like environment etc. These elements of the job description are taken individually to arrive at the basic compensation along with the other components like benefits, variable pay and bonus. It needs to be remembered that the HRA or the House Rental Allowance is determined by a mix of factors that includes the location of the employee and governmental policies along with the grade of the employee. Hence, it is common to find a minimum level of HRA that is common to all the employees and which increases in proportion to the factors mentioned above.

The Job Evaluation that is a system for arriving at the net worth of employees based on comparison with appropriate compensation levels for comparable jobs across the industry as well as within the company. Factors like Experience, Qualifications, Expertise and Need of the company determine how much the employer is willing to pay for the employee. It is often the case that employers compare the jobs across the industry and arrive at a particular compensation after taking into account the specific needs of their firm and in this respect salary surveys and research results done by market research firms as to how much different companies in the same industry are paying for similar roles. The components of compensation that have been discussed above are the base requirements for any HR Manager who is in charge of fixing the compensation for potential employees. Hence, all HR professionals and managers must take this following aspect into account when they determine the compensation to be paid to employees

17.5 Methods or Factors of compensation



17.5.1 External Factors Demand and Supply of Labour

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Wage is a price or compensation for the services rendered by a worker. The firm requires these services, and it must pay a price that will bring forth the supply which is controlled by the individual worker or by a group of workers acting together through their unions. The primary result of the operation of the law of supply and demand is the creation of the going wage rate. It is not practicable to draw demand and supply curves for each job in an organization even though, theoretically, a separate curve exists for each job.

17.5.1 Cost of Living

Another important factor affecting the wage is the cost-of-living adjustments of wages. This tends to vary money wage depending upon the variations in the cost of living index following rise or fall in the general price level and consumer price index. It is an essential ingredient of long-term labour contract unless provision is made to reopen the wage clause periodically.

Labour Union Organized labor is able to ensure better wages than the unorganized one. Higher wages may have to be paid by the firm to its workers under the pressure or trade union.

If the trade union fails in their attempt to raise the wage and other allowances through collective bargaining, they resort to strike and other methods whereby the supply of labour is restricted. This exerts a kind of influence on the employer to concede at least partially the demands of the labour unions.

17.5.2 Government

To protect the working class from the exploitations of powerful employers, the government has enacted several laws. Laws on minimum wages, hours of work, equal pay for equal work, payment of dearness and other allowances, payment of bonus, etc., have been enacted and enforced to bring about a measure of fairness in compensating the working class. Thus, the laws enacted and the labour policies framed by the government have an important influence on wages and salaries paid by the employers. Wages and salaries can't be fixed below the level prescribed by the government.

17.5.3 Prevailing Wage Rates

Wages in a firm are influenced by the general wage level or the wages paid for similar occupations in the industry, region and the economy as a whole. External alignment of wages is essential because if wages paid by a firm are lower than those paid by other firms, the firm will not be able to attract and retain efficient employees. For instance, there is a wide difference between the pay packages offered by multinational and Indian companies. It is because of this difference that the multinational corporations are able to attract the most talented workforce.

17.5.2 Internal Factors

1) Ability to Pay

Employer's ability to pay is an important factor affecting wages not only for the individual firm, but also for the entire industry. This depends upon the financial position and profitability of the firm. However, the fundamental determinants of the wage rate for the individual firm emanate from supply and demand of labour. If the firm is marginal and cannot afford to pay competitive rates, its employees will generally leave it for better

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paying jobs in other organizations. But, this adjustment is neither immediate nor perfect because of problems of labour immobility and lack of perfect knowledge of alternatives. If the firm is highly successful, there is little need to pay more than the competitive rates to obtain personnel. Ability to pay is an important factor affecting wages, not only for the individual firm but also for the entire industry. Top Management Philosophy

Wage rates to be paid to the employees are also affected by the top management's philosophy, values and attitudes. As wage and salary payments constitute a major portion of costs and /or apportionment of profits to the employees, top management may like to keep it to the minimum. On the other hand, top management may like to pay higher pay to attract top talent.

2) Productivity of Workers

To achieve the best results from the workers and to motivate him to increase his efficiency, wages have to be productivity based. There has been a trend towards gearing wage increase to productivity increases. Productivity is the key factor in the operation of a company. High wages and low costs are possible only when productivity increases appreciably.

3) Job Requirements

Job requirements indicating measures of job difficulty provide a basis for determining the relative value of one job against another in an enterprise. Explicitly, job may be graded in terms of a relative degree of skill, effort and responsibility needed and the adversity of working conditions. The occupational wage differentials in terms of

- a) Hardship,
- b) Difficulty of learning the job
- c) Stability of employment
- d) Responsibility of learning the job and
- f) Change for success or failure in the work.

This reforms a basis for job evaluation plans and thus, determines wage levels in an industry.

3) Employees Related Factors

Several employees related factors interact to determine his remuneration. These include

- i) Performance: productivity is always rewarded with a pay increase. Rewarding performance motivates the employees to do better in future.
- ii) Seniority: Unions view seniority as the most objective criteria for pay increases whereas management prefer performance to effect pay increases.
- iii) Experience: Makes an employee gain valuable insights and is generally rewarded
- iv) Potential: organizations do pay some employees based on their potential. Young managers are paid more because of their potential to perform even if they are short of experience.

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4) Organizational Politics

Compensation surveys, job analysis, job evaluation and employee performance are all involved in wage and salary decisions. Political considerations may enter into the equation in the following ways:

- i) Determination of firms included in the compensation survey: managers could make their firm appear to be a wage leader by including in the survey those organizations that are pay followers.
- ii) Choice of compensable factors for the job evaluation plan: Again, the job value determined by this process could be manipulated
- iii) Emphasis placed on either internal or external equity and
- iv) Results of employee performance appraisal may be intentionally distorted by the supervisor. Thus, a sound and objective compensation system may be destroyed by organizational politics.

17.6 Summary

When thinking about compensation. However, successful compensation packages go a lot further and can be considered total rewards systems that contain non-monetary, direct and indirect elements. Employers have a wide variety of compensation elements to choose from and are limited as much by their own preconceptions about compensation packages as they are by budget restraints. By combining many of these compensation alternatives, progressive managers can create packages that are as individual as the employees who receive them.

17.7 Key words

Compensation : something, typically money, awarded to someone in recognition of loss, suffering, or injury.

Direct Compensation : The compensation that an employee receives directly from his or her place of work.

Indirect compensation : non-monetary benefits provided to workers, such as pension funds, mobile phones, company cars, health and life insurance, overtime pay, and annual leave.

17.8 Self Assessment Questions

1. Define compensation? Discuss the Components of compensation
2. Briefly Discuss the components of Compensation
3. Discuss the Methods or Factors of Compensation

17.9 Further Readings

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LESSON -18 EMPLOYEE BENEFITS

Learning Objectives

- To study the Employee Benefits
- To Understand the Government Influence on Employee Benefits
- To learn the Managerial Attitude towards the Employee Benefits

Structure

- 18.0 Introduction
- 18.1 Reasons for growth of Employee growth
 - 18.1.1 Government influence
 - 18.1.2 Directly through legislation
 - 18.1.3 Attempt to control Economy
 - 18.1.4 Control of Benefit program
 - 18.1.5 Union Demand
 - 18.1.6 Managerial Attitude
- 18.2 Summary
- 18.3 Key words
- 18.4 Self Assessment Questions
- 18.5 Further Readings

18.0 Introduction

The total wage cost of an employee to the organization is far more than the pay rate of that employee. Likewise, the total compensation reward of the employee exceeds his other take-home pay. Total compensation consists partly of the pay of the employee and partly of a set of other rewards that are loosely called benefits. The addition of these items to the compensation package considerably complicates all aspects of the administration of compensation—from the compensation strategy to the implementation of the plan. Benefits are unlike base pay in that they are awarded for different objectives, they are not periodically given, they are oftentimes deferred rather than current, and they require different types of administration.

Since pay and benefits together make up the wage costs of the organization, there is a trade-off between direct pay and benefits. Benefits, until recently, were called fringe benefits. This was because they were considered a minor part of the compensation package. This is no longer true, and benefits are becoming more important in compensation administrations; they become a larger proportion of total compensation, representing close to 40% of the total cost of compensation. Clearly then, it is especially important to properly manage them.

Reason for Offering Benefits to Employees

Companies provide their employees and workers with a variety of benefits. These benefits are basically forms of value or services that are provided by an employer to his employees for their contribution in the performance of the organization. Such benefits are an important component of a company's remuneration package for attracting and retaining its employees.

The benefits serve as incentives to the employees and encourage them to work harder for the organization. These also help in building up employee job satisfaction. These benefits may be financial or non-financial, long term or short term, free or at concessional rates. They

may include educational, residential, medical, or recreational facilities. Such facilities may be provided individually or collectively and inside or outside the organization.

Thus the employee benefits are the comforts and the facilities given to employees to enable them to work in a healthy and peaceful atmosphere.

The employee benefits of a company generally includes:-

- (i) A remunerative wage structure which motivates the employees to contribute their maximum worth to the enterprise
- (ii) Bonus to the employees either on festive occasions or as a reward for their contribution in the high performance of the firm
- (iii) Social security benefits for employee welfare in the form of provident fund, gratuity, medical facilities, compensation and insurance policies
- (iv) Different types and number of leaves so that the employees may revitalize themselves and contribute their best effort to the organization
- (v) Employees who wish to voluntarily retire from an organization are provided with several benefits under the voluntary retirement scheme.

1. Helps to Attract Talented Employees.

If you want to hire the top talent in the market who can perform all the duties, then in this situation, a proper employee benefits plan will surely do the work. Most of the organization has implied the same. According to a study, 50% of businesses with less than 50 employees provide health care benefits.

2. Minimize employee turnover

We all agree hiring does matter but keeping around all your employees also matters the most. And guess what? Employee benefits come in handy here. An excellent benefits package can keep your workers from switching around. Also, when you provide the benefits, it will make your employees feel better and meaningful and thus will reduce the chance of leaving.

3. Maintaining a healthy workforce.

We all know that the better you feel, the better you work, so if you want an efficient employee, you should for sure include health benefits plans, like sick leaves and regular health checkups. It's as simple as a healthy employee = healthy business.

4. Boost employee productivity

By the time we have cleared how important employee benefits are. Hence, there's no doubt that good employee benefits will play a part in increasing the employees' productivity. In addition, these benefits provide mental happiness, which leads to being more productive.

The concept of Employee Benefits in HRM plays an extremely vital role for the company, its employees, and even the outsiders! Employee Benefits are the perks provided to the employees in addition to the salary. How can you expect your company to grow and reach heights when the human resources working inside aren't happy or satisfied with the work? 'Organizations need to show benefit to get benefit in return. No work is done for free.'

Treat employees as part of the larger organization, and their most minor contribution adds value to the company – it will create miracles afterward. Life is too short to be greedy – also helps employees with all good intentions availing the extra benefits. Ultimately, what will get your brand to the peak is your workforce itself! It's their hard work and most miniature work that brings the matter of joys to the company

Given the various types of employee benefits, a firm may design, administer and manage a comprehensive benefit package for its employees depending on its work culture and organizational set up. The employee benefits package may include the following:-

Reason for Growth in Employee Benefits



18.1 Reasons for Growth in Employment Benefits

18.1.1 Government Influence

As indicated above, the government took a lead role in expanding this influence of government on benefits has come in four ways:

18.1.2 Directly through legislation:

Legislation that produced organizational requirements in the areas of Workers' Compensation, unemployment compensation, Social Security, Old Age and Survivors' Benefits, and disability insurance. More recently, some state legislation has provided for employer and employee contributions toward non-work accidents and illnesses.

18.1.3 Through attempts to Control the Economy:

At times, usually wartime, the government has imposed wage and price controls. These controls have given a strong impetus to the growth of benefits by permitting improvements in benefits while discouraging wage and salary increases on the grounds that the latter would contribute to inflationary pressures

18.1.4 Control of Benefit Programs:

Flurry of legislation, designed not to create new benefits but to control programs currently offered by organizations. The most critical of these acts are the Employee

Retirement, Job Security Act), dealing with retirement plans; the Civil Rights Act, which affects all areas of benefits; the Safety and Health Act, which deals with safety standards on the job; and the Health Insurance, which deal with health insurance.

Indirect Effects of Government: Indirect, influence of the government on benefits has been income-tax legislation. High corporate income-tax rates make it advantageous for employers to include as business expenses a wide range of benefits, particularly those to executives. Since most of these benefits are not taxed as income, provision of these benefits results in huge savings for the employee, also.

18.1.5 Union Demands

Union demands have served to increase benefits as a proportion of total pay. Sometimes a benefit has been demanded to establish a principle of employer responsibility for risks facing workers. The union felt that a large portion of the down time in model changeovers could be reduced by management. At other times, benefits have been sought when pay increases appeared infeasible. Unions have sought to expand benefits for a number of reasons, including their desire for

1. Increased status,
2. Security,
3. A shorter work week,
4. More strength in the eyes of its members, and
5. The development of the plant as a community.

18.1.6 Managerial Attitudes

Social responsibility may not be the best name for the response by employers to the needs of their employees, but it does get the point across. More recently, the trend has been to consider the employee a partner in the development and operation of benefit programs. The employee is making decisions about his/her own life and needs, and the organization provides the programs to accomplish this. For instance, there is a trend in providing employee services. Today it is seen that an employee who is healthy, both physically and mentally, is a more productive person. This has led to a series of employee services, such as athletic facilities and counseling in areas such as smoking and drug abuse, intended to create and maintain a healthy workforce. A current issue in this area is whether employers have a responsibility to provide care for children of employees.

18.1.7 Competition

All organizations are subject to a competitive labor market. Hiring and retaining employees requires that the organization be competitive, at least to some degree, in the labor market. When other organizations offer benefits, so must your organization. But this is not simple. Paying competitive wages is a single figure. Offering competitive benefits involves decisions about the type of benefits to offer as well as the cost of those benefits.

The type and level of benefits offered makes the organization attractive or unattractive to different potential employees. There is also a trade-off between wages and benefits. Some individuals prefer high wages and care little about benefits while others need or desire certain types of benefits.

18.1.8 Efficiency

Most benefits are in the form of insurance. These benefits can be obtained at a lower cost by having savings in underwriting and administration through group contracts rather than by having each employee contract individually.

18.1.9 Employee Interest

To the employee, the advantages of benefits can be many. Certainly the two most prevalent are the tax advantages mentioned and the lower cost of receiving the benefit by belonging to a group. The fact that over half of all benefits are intended to reduce economic insecurity suggests that both employers and employees are aware that life in an industrial society requires these protections. At best, however, employee attitudes toward benefits are ambivalent. On one hand, people seem very interested in benefits, since this is a major item of consideration in the recruiting process. On the other hand, most employees do not know what benefits the organization is providing them and particularly the cost to the organization of those benefits. Employees differ considerably in their demand for benefits and even more clearly in the types of benefits they demand. The demographics of an organization's employees offer a hint as to the needs and preferences of its members, but they are not an infallible guide. Employee-preference studies have found that some demographic characteristics (particularly age and marital status) were good predictors of benefit preference, but that others (such as sex, age, and occupation) were not. Clearly there is a rank

18.2 Summary

The first thing employers should consider when developing compensation packages is fairness. Total compensation consists partly of the pay of the employee and partly of a set of other rewards that are loosely called benefits. All organizations are subject to a competitive labor market. Hiring and retaining employees requires that the organization be competitive, at least to some degree, in the labor market.

18.3 Key words

Employee growth : Employee development goes a long way in training, sharpening the skills of an employee and upgrading his/her existing knowledge and abilities. In a layman's language, employee development helps in developing and nurturing employees for them to become reliable resources and eventually benefit the organization.

Managerial Attitude : Attitude that makes the individual see his job, his work, and his product the way a manager sees them, that is, in relation to the group and the product as a whole.

18.4 Self Assessment Questions

1. Explain the Reasons for the growth of Employee Benefits in the Industry
2. Briefly Discuss the employee Benefits in the Organisation Point of view

18.5 Further Readings

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LESSON-19

DISCIPLINE – DISCIPLINE PROCEDURE

Learning Objectives

- To study the Disciplinary Procedure in Industrial Relations
- To Understand the Notice and Conduct of Enquiry in Industrial Relations
- To learn the Type of Discipline in the Organization

Structure

- 19.0 Introduction
- 19.1 Disciplinary Procedure in Industrial Relations
- 19.2 Notice of Enquiry
- 19.3 Conduct of Enquiry
- 19.4 Rewarding of finding
- 19.5 Award of Punishment
- 19.6 Communicating of Punishment
- 19.7 Type of Discipline in the Organization
- 19.8 Alternative Punishment
- 19.9 Cause of Indiscipline in Organization
- 19.10 Summary
- 19.11 Key words
- 19.12 Self Assessment questions
- 19.13 Further Readings

19.0 Introduction

The term 'Industrial Relations' comprises of two terms: 'Industry' and 'Relations'. "Industry" refers to "any productive activity in which an individual (or a group of individuals) is (are) engaged". By "relations" we mean "the relationships that exist within the industry between the employer and his workmen." The term industrial relations explains the relationship between employees and management which stem directly or indirectly from union-employer relationship.

Industrial relations are the relationships between employees and employers within the organizational settings. The field of industrial relations looks at the relationship between management and workers, particularly groups of workers represented by a union. Industrial relations are basically the interactions between employers, employees and the government, and the institutions and associations through which such interactions are mediated.

The term industrial relations has a broad as well as a narrow outlook. Originally, industrial relations was broadly defined to include the relationships and interactions between employers and employees. From this perspective, industrial relations covers all aspects of the employment relationship, including human resource management, employee relations, and union-management (or labor) relations. Now its meaning has become more specific and restricted. Accordingly, industrial relations pertains to the study and practice of collective bargaining, TRADE unionism, and labor-management relations, while human resource management is a separate, largely distinct field that deals with nonunion employment relationships and the personnel practices and policies of employers.

Discipline means systematically conducting the business by the organizational members who strictly adhere to the essential rules and regulations. These employees/organizational members work together as a team so as to achieve organizational mission as

well as vision and they truly understand that the individual and group aims and desires must be matched so as to ensure organizational success.

A disciplined employee will be organized and an organized employee will be disciplined always. Employee behaviour is the base of discipline in an organization. Discipline implies confirming with the code of conduct established by the organization. Discipline in an organization ensures productivity and efficiency. It encourages harmony and co-operation among employees as well as acts as a morale booster for the employees. In absence of discipline, there will be chaos, confusion, corruption and disobedience in an organization.

short, discipline implies obedience, orderliness and maintenance of proper subordination among employees. Work recognition, fair and equitable treatment of employees, appropriate salary structure, effective grievance handling and job-security all contribute to organizational discipline.

19.1 Disciplinary Procedure in Industrial Relations

The disciplinary procedure involves the following steps:

19.1.1 Preliminary Investigation:

First of all, a preliminary inquiry should be held to find out whether a prima facie case of misconduct exists.

19.1.2 Issue of a Charge-sheet:

Once the prima facie case of misconduct is established, charge sheet is issued to the employee. Charge sheet is merely a notice of the charge and provides the employee an opportunity to explain his conduct. Therefore, charge sheet is generally known as a show cause notice.

In the charge sheet, each charge should be clearly specified. There should be a separate charge for each allegation and charge should not relate to any matter which has already been decided upon. The charges so framed should be communicated to the individual along with the statement of allegations on which the charges are based.

19.1.3 Suspension Pending Enquiry:

Depending on the gravity of charges, an employee may be suspended along with serving him the charge sheet. The various circumstances which may warrant suspension of an individual are:

1. When disciplinary proceeding is pending or contemplated.
2. When engaged in the activities prejudicial to the interest or security of the state.
3. Where a case in respect of any criminal offence is under investigation, inquiry or trial.
4. Where continuance in office will prejudice investigation/ inquiry/trial.
5. When the presence of the employee in office is likely to affect discipline.
6. When his continuous presence in office is against the wider public interest.
7. Where a prima facie case has been established as a result of criminal or departmental proceedings leading to the conviction, revival, dismissal, etc.

In case of the following acts of misconduct:

Moral Turpitude

Corruption, embezzlement
Serious negligence in duty resulting in loss
Desertion of duty
Refusal or failure to carry out written orders

According to the Industrial Employment (Standing Orders) Act, 1946, the suspended worker is to be paid subsistence allowance equal to one-half of his wages for the first ninety days of suspension and three-fourths of the wages for the remaining period of suspensions, if the delay in the completion of disciplinary proceedings is not due to the worker's own conduct.

19.2 Notice of Enquiry:

In case the worker admits the charge, in his reply to the charge sheet, without any qualification, the employer can go ahead in awarding punishment without further inquiry. But if the worker does not admit the charge and the charge merits major penalty, the employer must hold an enquiry to investigate into the charges. Proper and sufficient advance notice should be given to the employee indicating the date, time and venue of the enquiry so that the worker may prepare his case.

19.3 Conduct of Enquiry:

The enquiry should be conducted by an impartial and responsible officer. He should proceed in a proper manner and examine witnesses. Fair opportunity should be given to the worker to cross-examine the management witnesses.

19.4 Recording the Findings:

On the conclusion of the enquiry, the enquiry officer must record his findings and the reasons thereof. As far as possible, he should refrain from recommending punishment and leave it to the decision of the appropriate authority.

19.5 Awarding Punishment:

The management should decide the punishment purely on the basis of findings of the enquiry, past record of the worker and gravity of the misconduct.

19.6 Communicating Punishment:

The punishment awarded to the worker should be communicated to him in written and the earliest available opportunity. The letter of communication should contain reference to the charge sheet, the enquiry and the findings. The date from which the punishment is to be effective should also be mentioned.

Some of the key features of a sound employee disciplinary system are:

1. Knowledge of Rules

The employee must be informed clearly about what constitutes good behavior and the rewards that may emanate from it. All instructions should be clear and understandable. It is common sense that an employee will obey an instruction more readily if he understands it. The supervisor himself must know all the rules. He cannot effectively communicate with his workers if his own knowledge about rules is half baked. In fact, he needs to know more than the barest minimum that he wants his workers to know. This reserve of knowledge is essential in order to be able to answer several unexpected question from workers. In other words, a supervisor's span of knowledge and understanding of rules should be greater than that of his workers. If this

is not so, the supervisor will lose personal prestige both before his supervisors and subordinates.

2. Prompt Action

All violations and misconducts-big and small-should be promptly inquired into. For example, a supervisor is most unwise to wait until lunch break before rebuking a worker for arriving late. Beat the iron when it is hot. This is because when the penalty is imposed immediately following the violation of a rule the person punished tends to identify the punishment with the act he committed. Accordingly, the subordinate attempts to avoid the violation in future. This is called the "law of effect". The greater the delay the more one forgets and the more one feels that punishment is not deserved.

3. Fair Action

Promptness of disciplinary action at the cost of its fairness is not proper. An action in order to be fair must possess the following characteristics:

1. All violations-big and small-should be duly punished. A violation should not be overlooked or condoned merely because it is small otherwise this will give an impression that announced rules are meaningless.
2. All individuals-big and small-should receive equal punishment for equal indiscipline. If a rule is applied to one individual but not to another, the management is bound to be accused of favoritism.
3. Discipline should be uniformly enforced at all times. If management soft-pedals on taking a disciplinary action when there is shortage of labor and toughens its policy when labor is plentiful it is acting arbitrarily. Similarly, if the management overlooks a wrong on one occasion and punishes it on another occasion it is acting inconsistently. Inconsistent behavior of management leads to uncertainty in the minds of subordinates. They simply do not know where they stand.
4. The alleged violation should be fully inquired into. Making a mistake by hastily administering a penalty which on the basis of facts collected later on is found to be uncalled for will mean a permanent destruction of the morale of the punished worker and general loss of face for the supervisor.
5. The employee should always be given an opportunity to explain his action. The common law principle that an offender is innocent until he is proved guilty beyond doubt should be followed. The burden of proving the violation always lies on the management.

4. Well Defined Procedure

The procedure to be followed to reach to a penalty decision should be carefully laid down. It should include the following steps:

1. The supervisor must assure himself that some violation of the rules has taken place.
2. He should state precisely and objectively the nature of the alleged violation.
3. He should then proceed to gather full facts about the case and maintain proper records. Facts will have to be gathered concerning the nature of the event, the participants and the surrounding circumstances. Extenuating circumstances such as ill-health, family troubles, etc., should be found out. A critical analysis should be made of the person's background such as his past service record, length of service, local practice, etc. Fact gathering is often a process of fact-sifting. Opinions should not be mistaken for facts. The methods used for gathering the fact must not smack of spying and statements should not be prejudged.

4. After all the facts have been gathered, thought should be given to the various types of disciplinary action which can be taken in the case in question. It is advisable to prepare three separate lists of actions. The first list should include all types of disciplinary action to make certain that no possibility is overlooked. The second list should classify penalties according to rank in order to acquaint the executive with those actions which lie within his command and those for which he should refer the case to his superiors. The third list should include only those penalties, which the offense in question specifically calls for.
5. The appropriateness of a disciplinary action should be decided in terms of its effectiveness in correcting the employee. This is very important because the purpose of a disciplinary action is to mend an employee and not to punish him, to help him and not to harm him.
6. The accused employee should have the right to appeal to higher authorities.

5. **Constructive Handling of Disciplinary Action**

Disciplinary action should be handled in a constructive manner. It should be carried out by the immediate line supervisor. This employee should be told not only the reasons for the action taken against him but also how he can avoid such penalties in future. Disciplinary action should be taken in private. By exposing an employee to public ridicule the supervisor attacks his dignity and social standing. This may produce an opposite effect on the employee. He may react violently or may become obstinate to preserve his ego.

It is most unwise for a supervisor to take a general disciplinary action against a group of subordinates. Disciplinary action is a matter for the individual. It is the individual who should be held responsible for any wrong. A management which takes disciplinary action against a group is likely to set off a wave of unrest associated with falling morale and even the possibility of wildcat strike.

After the disciplinary action has been taken the supervisor must assume a normal attitude towards the employee. He should revert to his role of a helping hand-as if nothing has happened. This is possible only when the supervisor uses an impersonal approach in administering a penalty. He should not engage in personal ridicule, insult or even criticism. He should avoid getting into an argument. In short, he must play the role of a judge enforcing the law with impartiality.

Hot-stove Rule

Discipline should be imposed without generating resentment. Mc Gregor propounded the “red hot stove rule” which says that a sound and effective disciplinary system in an organization should have the following characteristics-

Immediate

Just as when you touch a red hot stove, the burn is immediate, similarly the penalty for violation should be immediate/ immediate disciplinary action must be taken for violation of rules.

Consistent:

Just as a red hot stove burns everyone in same manner; likewise, there should be high consistency in a sound disciplinary system.

Impersonal:

Just as a person is burned because he touches the red hot stove and not because of any personal feelings, likewise, impersonality should be maintained by refraining from personal or subjective feelings.

Prior warning and notice:

Just as an individual has a warning when he moves closer to the stove that he would be burned on touching it, likewise, a sound disciplinary system should give advance warning to the employees as to the implications of not conforming to the standards of behavior /code of conduct in an organization.

19.7 Types of Discipline in an Organization

Discipline is classified as either positive or negative. Characteristics are as follows

1. Positive discipline

- i. It implies a sense of duty to observe the rules regulations and is also called self discipline.
- ii. It involves creation of a favourable atmosphere in the organization where by employees willingly conform to the established rules and regulations.
- iii. Positive discipline can be achieved through rewards and effective leadership.
- iv. It is more effective than negative discipline.
- v. Positive discipline promotes cooperation and coordination with a minimum of formal organization and reduces the need for personal supervision required to maintain standards
- vi. According to Spiegel, "positive discipline does not replace reason but applies reason to the achievement of a common objective. Positive discipline does not restrict the individual but enables him to have a greater freedom in that he enjoys a greater degree of self-expression in striving to achieve the objective, which he identifies as his own."

2. Negative discipline

It is also known as punitive or corrective discipline involves imposition of penalties or punishment to force workers to obey rules and regulations objective is to ensure that employees do not violate the rules and regulations. Negative disciplinary action involves such techniques as fines reprimand, demotion, layoff, transfer etc.

Negative discipline does not eliminate undesirable behaviour, it merely oppresses it. It requires regular monitoring causing wastage of time. Punishment also causes resentment and hostility. While exercising negative discipline, management should proceed in a sequential manner viz. an oral reprimand, a written reprimand, a warning, temporary suspension and dismissal or discharge.

19.8 Alternatives to Punishment

Alternatives to punishment in eliminating undesired behaviour include the following:

19.8.1 Extinction

Find out what reinforces the undesired behaviour. For example, the unruly subordinate may be getting praise and recognition from peers. Then get those peers to co-operate with you by ignoring the unruly behaviour. When such behaviour is not reinforced, it will eventually lose strength and extinguish.

19.8.2 Environment Engineering

Rearrange the features of the environment so that the Stimulus situation does not evoke the undesired response but some other response. Skinner (1953) tells the story of a manager who had a traffic problem caused by women hurrying down the corridor as soon as the end of the workday was signaled. The manager solved his problem by placing wall mirrors along the corridor. The stimulus situation that had evoked stampeding down the hallway was transformed into one which encouraged a more leisurely and orderly walk-and-stop sequence.

19.8.3 Reward

Reward either desirable or natural behaviour, which is physically incompatible with the undesired behaviour. If children are rewarded for taking exercise or for performing light outdoor chores before dinner, they are prevented from excessive snacking and television watching.

19.8.4 Adjustment

Allow adjustment, development, or maturation to take its course. New or inexperienced employees make many mistakes and do many wrong things that they will learn to avoid, given a reasonable period of adjustment; punishment may not hasten this process, and it causes undue anxiety, it can actually retard this process.

19.9 Causes of Indiscipline in Organisation

Important among these causes are the following:

1. Ineffective leadership which cannot control, coordinate and motivate workers.
2. Low wages and poor working conditions.
3. Lack of promotional opportunities due to which people feel stagnated.
4. Absence of any code of conduct to regulate behaviour on both sides.
5. Lack of timely redressal of workers' grievances.
6. Unfair management practices.
7. Defective communication system.
8. Lack of workers' education.
9. Uninteresting work.
10. Drunkenness and family problems.
11. outside political influences.
12. Excessive work pressure.

19.10 Summary

People working in groups-be it in a family, a University department, a sport club, a society or a nation-need to behave in a desired manner so as to work in an effective manner. Similarly, regardless of what best organisation has done at selection, development, motivation and reward practices as discussed in the preceding chapters, employees need to behave in a desired or orderly manner to make their actions effective and productive. Behaving in a desired manner is called 'discipline'. Reverse is called 'indiscipline'. Indiscipline adversely affects the effective functioning of the organisation

19.11 key words

Industrial Relations : The relationship between employers and employees in course of employment in industrial organisations.

Conduct of Enquiry : A seeking or request for truth, information, or knowledge, the act of inquiring or of seeking information by questioning; interrogation. a question; query.

19.12 Self Assessment Questions

1. Define the term “discipline” Discuss its salient features and chief objectives.
2. Explain with examples the types of discipline noticed in the Indian industries.
3. What are the causes of indiscipline in the Indian industries. Suggest how to maintain discipline.
4. Delineate the procedure involved in a disciplinary action.
5. Discuss the various penalties and punishments awarded to the accused employee in order to maintain discipline in an organisation.
6. Write an essay on “Code of Discipline” stating clearly its objectives and terms of agreement.

19.13 Further Readings

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4. A.M. Sarma (2008); Industrial Relations (Conceptual and Legal Framework); Himalayan Publishing House, New Delhi.
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LESSON -20

DOMESTIC ENQUIRY

Learning Objectives

- To study the Concept of Misconduct
- To Understand the Basic Principles of Domestic Enquiry
- To learn the concepts of Absenteeism, Employee Turnover,

Structure

20.0 Introduction
20.1 Concept of Misconduct
20.2 Basic Principles of Domestic Enquiry
20.3 Essentials of Fair Enquiry
20.4 Report of Enquiry officer
20.5 Absenteeism and Turnover
20.6 Meaning of Absenteeism
20.7 Peculiar Feature of Employee Absenteeism
20.8 Causes of Employee absenteeism
20.9 Classification of Employees absenteeism
20.10 Effects of Employee Absenteeism
20.11 Measures of control of Employee Absenteeism
20.12 Employee Turnover
20.13 Comparison of different turnover
20.14 summary
20.15 Key words
20.16 Further Readings

20.0 Introduction

"Domestic" (from the latin word 'domus' - means 'house') has an adjective meaning, 'belonging to the house' or 'remaining much at house' or 'relating to internal affairs' or 'private' (as opposed to public) and enquiry (inquiry) means 'making investigation/examination of facts I principles' or 'searching I seeking information by asking questions 'or 'asking what, whether, how, why etc. It also means 'search for truth'. Thus, 'domestic enquiry', in the context of Industrial management as opposed to Governmental management of legal functions- means management's search for truth or otherwise of facts/ circumstances I allegations I charges alleged by it against its employees.

This institutions is an off shoot of the philosophy of social Justice, sanctified by statutes, Judicial Pronouncements and rules made under them and fortified by the fundamental rules of Natural Justice.

Under the common law, slowly a practice was developed to the effect that the Courts insisted upon the employer to hold an impartial fact finding enquiry before taking any disciplinary action against the delinquent employee. After Industrial Revolution and with the introduction of Factory System in productions, a new horizon of employer -employee relationship ultimately emerged out of the concept of interventionist Welfare State and Trade Union movement. The employer's right to hold the Domestic Enquiry against a delinquent

employee for committing misconduct still exists, but now the law requires that the employer shall conduct the Domestic Enquiry in compliance with the principles of Natural Justice.

20.1 CONCEPT OF MISCONDUCT

An organization is a living social organization wherein employers and employees work to satisfy their economic as well as sociological and Psychological needs. This essentially calls for balancing of objectives. No organization can properly function unless limits are set to individual behaviour which may jeopardize the interests of the organized establishment. This function is generally described as maintenance of discipline.

Discipline, indeed is the very basis of a well organized and established enterprise. It forms the backbone of the industrial management. With the establishment of relationship of employer and employees, certain Code of Conduct for mutual relationship develops. Discipline connotes observance of the prescribed rules of conduct or mode of life. It implies willingness to work and conforming to the established rules. Obedience to lawful orders is contemplated under the contract of service.

Discipline is a behavioural question concerning human resources. Disciplinary action is one of the major causes of industrial dispute. Every employee has strong security needs as well as a need to identify with a group of like minded people. A normal employee likes to work to work and to get recognized.

20.2 BASIC PRINCIPLES FOR DOMESTIC ENQUIRY

A domestic enquiry is a quasi-judicial proceeding and as such one of its essential requirement is that the rules of natural justice have to be observed.

The Civil Procedure Code, 1908 and the Indian Evidence Act, 1872 lay down several rules of Natural Justice. But these two Acts are not strictly applicable to Domestic Enquiry.

Rules of Natural Justice is meant those basic Principles of Justice which are founded on Equity and reason and without which no Justice can be done. It is not possible to make a complete list exhausting all the rules of Natural Justice in brief It can be said that the Rules of Natural Justice are those rules which it is absolutely essential to Natural Justice? Rules of Natural Justice is a matter of substance, not of form. It includes two basic

principles of Equity.

1. No one shall be a judge in his own cause (nemo judex in propria causa sua) i.e. he must not have anything like personal interest in the case,
2. No decision shall be given against a party without affording it a reasonable hearing (audi-alterem partem).

20.2.1 Preliminary enquiry-

It is customary and in complicated case, it is desirable to have a Preliminary Enquiry/Investigation into the allegations/accusations against workman, for finding out whether there is any prima facie case justifying initiation of formal proceedings.

Preliminary enquiry is made solely with a view to decide whether there is adequate material for initiating a Domestic Enquiry against a workman. In other words, the preliminary enquiry is merely for the purpose of framing a charge and for determining whether a prima

facie case for a formal enquiry is made out or not and results cannot be deemed to be conclusive. It is conducted merely for the satisfaction of the employer and it is only when the employer decides to hold a regular Domestic Enquiry for the purpose of inflicting punishment that the employee gets an opportunity of being heard and defends himself.

20.3 Essentials Of A Fair Enquiry :

The procedure of the domestic enquiry which is generally accepted has been evolved and governed by three factual viz. the service rules/landing orders, the method followed by courts of law and the principles of natural justice.

An enquiry cannot be said to have been properly held unless

- (i) the employee proceeded against has been informed clearly of the charges levelled against him
- (ii) the witnesses are examined ordinarily in the presence of the employee in respect of the charges
- (iii) The employee is given a fair opportunity to examine witnesses including himself in his defence if he so wishes on any relevant matter and (iv) the enquiry officer records his findings with reason for the same in his report.

20.3.1 Charge And Charge Sheet :

The Domestic enquiry starts the moment the charge sheet is issued to the workman. Charge sheet or show cause notice is meant to apprise the concerned employer with the details of the misconduct alleged against him.

The charge sheet should mention the misconduct committed, the date and time of its commission and relevant section of the standing orders under which the misconduct falls. Charge sheet is issued calling upon the delinquent employee to submit his written explanation within a specified period of time.

20.3.2 Service Of The Charge Sheet :

Generally standing orders provide the manner of serving the charge sheet on the workman concerned and where it is prescribed the procedure should invariably be followed. Generally the charge sheet framed against an employee should be served on him personally, if possibly, and an acknowledgement to that effect should always be obtained from him. In cases where the employee is absent or refuses to accept the charge sheet when presented to him, the same should be sent to his local and permanent address under registered post with acknowledgement due, after getting his refusal attested by two witnesses. In case the charge sheet is returned by the postal authorities, the employer should display the charge sheet on the notice board, if such a provision exists in the service rules. In such case it is necessary to publish it in local newspaper in the regional language with a wide circulation. It is not enough to display the charge sheet only on the notice board of the company.

20.3.3 Suspension Pending Enquiry:

An employer may suspend a workman on finding that misconduct complained against him is of grave and serious nature. The presence of the employee on the workplace, if considered dangerous for the security and maintenance of order and discipline in the establishment or it is greatly apprehended that he may tamper with the evidence; the delinquent employer may be suspended.

The employer may do so as measure of security to the life or property of any person or of the management, or to avoid the possibility of the employee using his influence, in winning over the witnesses threatening or intimidating them or in tampering with the evidence and official records. Suspension means that the contractual relationship between the employer and the employee remain in abeyance for the period of suspension. Suspension can be ordered either before the issue of charge sheet or after the receipt of reply of the employee or at any time during the pendency of the enquiry proceedings or after the findings of the enquiry varying according to the circumstances Discipline and Appeal Rules, Standing orders provide for the payment of subsistence allowance by the employer during the period of suspension pending departmental enquiry or criminal proceedings.

20.3.4 Appointment Of Enquiry Officer :

After a careful consideration of explanation of the delinquent employee or when no reply is received within the specified time limit, the management should appoint an enquiry officer to hold an enquiry against the delinquent employee. The enquiry officer may be an official of the company or even an outsider, but the enquiry officer should be an impartial person with an open mind, free from any bias, prejudice and a person of high integrity and moral values. One who will be a witness in the ensuing enquiry or has any personal interest in the case is not eligible to be the enquiry officer.

20.3.5 Notice Of Enquiry :

The immediate duty of an enquiry officer is to send notice to all the parties i.e. the delinquent employee and the management directing them to present with the witness/documentary evidence, if any, for the enquiry. The notice of the Enquiry should clearly mention the date, time and place of enquiry and that if the workman fails to attend the enquiry on the appointed date and time, the same shall be held ex-parte. The enquiry officer must give a reasonable period of time to the delinquent employee for the preparing his defence and collecting evidence, which may be led during the enquiry. It must, however, be pointed out that there is no hard and fast rule as regards the time which must be given before an enquiry is held, and one has to see the facts and circumstances of each case to determine whether a reasonable opportunity for setting up a defence has been given or not.

20.3.6 The Management Representative :

The Management Representative is a person who will lead the case from the Management side in support of the charge. He has a right to cross examine the charge sheeted employee as well as the witness produced by him.

20.3.7 Representation Of The Charge Sheeted Employee:

There is no denying a fact that no enquiry can be held as per the procedure in the absence of the charge-sheeted employee. If, however, the employee refuses to take part in the enquiry after presenting himself or when he does not report for the enquiry in spite of a notice being served on him, the enquiry may proceed ex-parte, provided in the notice of enquiry, a specific mention to that effect had been made. If during the enquiry the charge sheeted workman withdraws himself, the same may be held ex-parte. A charge-sheeted employee may be represented by Co-worker or the union/association executives. Generally, the standing order provides Rules in this regard.

At times, there is a request by the delinquent employee that he needs the assistance of a lawyer for representing his case. Such request should be decided by the enquiry officer and

not by the management. Various courts have held that if the enquiry officer or the presenting officer is either a practising lawyer or legally trained person, full opportunity should be given to the delinquent employee to represent his case through the lawyer.

20.3.8 Production Of Witnesses:

Section 11 (3) (a) of the Industrial Disputes Act empowers the adjudicatory authorities under the Act to compel attendance and examination of witnesses as a Civil Court under the Code of Civil Procedure code. But there is no provision of law, under which the Enquiring officers holding domestic enquiries can compel the attendance of witnesses asunder the Codes of Civil Procedure or Criminal Procedure.

The purpose of a domestic enquiry is to find out whether the misconduct alleged against the delinquent workman has in fact been committed by him, before a disciplinary punishment could be inflicted upon him. The Employer has, therefore, to establish by leading oral and documentary evidence before the Enquiry Officer that the misconduct has been committed. Likewise, the workman has to show that he has not committed the alleged act. This he may do either by picking holes in the evidence led by the employer by cross examination or by leading his own evidence to rebut the evidence of the employer. It is open to the parties to summon such evidence, oral or documentary, which they consider necessary, and if, one or the other party, omitted to summon a witness or a document, the Enquiry Officer cannot be blamed for it, not is the enquiry rendered defective or unfair on that account.

20.4 Report Of Enquiry Officer

The enquiry report is a document of vital importance in the course of disciplinary proceedings against a delinquent workman. If the enquiry officer finds that the charges revealed against the workman are proved it may result not only in the deprivation of the livelihood but also attaches stigma to the character of the workman. The enquiry report, therefore, should reflect the application of mind by the enquiry officer to the pleadings and the evidence adduced before him by the parties. An enquiry report in a quasi judicial enquiry must show the reasons for the conclusions. It cannot be an ipse dixit of the enquiry officer.

20.5 Absenteeism and turnover

Employee Absenteeism: Meaning, Features, Causes, Effects and Control

20.6 Meaning of Employee Absenteeism:

The co-operation of workers is essential for the good health of any organisation. Sometimes labour turnover and absenteeism become a major problem for the management. The exit of workers or their absence from work disrupts production schedules. Any make shift arrangement for absent workers will be a costly affair for the enterprise.

20.7. Peculiar Features of Employee Absenteeism in India:

Absenteeism is a universal phenomenon and is not peculiar to Indian Industries. But the rate of absenteeism has been relatively higher in India. The Royal Commission of Labour reported that "high absenteeism prevails among industrial labour mainly due to their rural

orientation.” Since then, a number of individual researchers have investigated the problem and have pointed out that absenteeism in our industry varies from 7% to 15%.

On the basis of the studies undertaken in different parts of the country certain observations have been made:

1. Absenteeism is the lowest on pay day and is highest immediately after the pay day and the day on which bonus is paid.
2. The absenteeism is high among workers of less than 25 years and over 40 years. The reason of absenteeism amongst younger workers is due to careless attitude whereas old people may not be able to continue with strenuous work.
3. The percentage of absenteeism is generally higher in night shifts than in day shifts.
4. In India, absenteeism is highest in April-May and September-October months due to harvesting and sowing reasons. Industrial workers temporarily shift to agricultural work during these months.
5. In coal and mica mining industry the absenteeism rate is high because of ordeal nature of job.
6. The rate of absenteeism varies from department to department within a unit. As the size of a group increases, the rate of absenteeism goes up. The difference in the rate of absenteeism is believed to be due to the peculiar style and practices of management, the composition of the labour force and the culture of the organisation.
7. Absenteeism is generally higher in the departments where supervisors are work oriented and careless for employee welfare.
8. The rate of absenteeism is likely to be higher in days before and after a holiday.
9. Workers tend to be absent more frequently than supervisors and managers.
10. There is tremendous scope for reducing absenteeism through union leadership within an organisation.

3. Employee Absenteeism Rate:

Absenteeism rate is the ratio of days lost to the total number of days for which employment is available. For calculating absenteeism rate, the number of persons expected to report for duty and the actual number of those who are present should be known. A worker is considered present even if a worker reports for part of shift. A worker enjoying sanctioned holidays is not counted in the persons expected to be present. U.S.

Department of Labour has recommended following formula for calculating absenteeism rate:

Absenteeism Rate = $\frac{\text{Number of man days lost}}{\text{Man days worked} + \text{Man days lost}} \times 100$

20.8 Causes of Employee Absenteeism:

Some of the causes of absenteeism are discussed as follows:

(i) Maladjustment at Work Place:

Workers, sometimes, do not adjust to the situation prevailing at work place. Workers coming from rural to urban areas do not adjust at those places. The congestion, insanitation, fast life at urban areas is not to the liking of village folk. They frequently go back to villages after absenting from work.

(ii) Unhealthy Working Conditions:

If working conditions are not good then workers frequently absent themselves from work. Heat, moisture, noise, bad lighting, dust, over-crowding affect workers' health causing them to remain absent for longer periods.

(iii) Social and Religious Ceremonies:

Social and religious ceremonies are a major cause for absenteeism. These functions divert the attention of workers and they spend too much time on these activities. Some studies have shown that rate of absenteeism has been higher during festival periods as compared to other periods.

(iv) Industrial Fatigue:

Fatigue is also an important cause of absenteeism. To earn more wages, workers may do overtime or may work at a higher speed under incentive plans and start feeling tired for the next day. Low wage rates also compel them to do some part time work after working hours. They may not be able to face additional burden and thus fall ill leading to long absenteeism.

(v) Inadequate Welfare Facilities:

Inadequate welfare facilities also lead to absenteeism. There may be inadequate facilities for drinking water, sanitation, canteen, rest rooms, crèches etc. Workers feel inconvenience at work. They go back to their homes for having some rest.

(vi) Alcoholism:

The habit of alcoholism is very common among workers. They want to forget their domestic worries by drinking alcohol. Drinking becomes their habit and its hangover on the next day compels them to absent from work. Workers indulge in more drinking after getting their wages and more absenteeism is reported in these days.

(vii) Inadequate Leave Facilities:

The workers do not get proper facilities for attending to family work. Since they are entitled for limited number of leaves, they do not go to work whenever they have to attend to family needs.

20.9 Classification of Employee Absentees:

Dr. K.N. Vaid classifies chronic absentees into five categories:

(i) Entrepreneurs:

Entrepreneurs are those absentees who consider their jobs to be too small for themselves. They engage themselves in several economic and social activities. The motive behind all such activities may be is monetary, status & power, sense of achievement or social recognition.

(ii) Status Seekers:

For status seekers, the discrepancy between the ascribed and the achieved status is the primary cause of deviant work behaviour. Work, job and money are not doubt important to them but only to the extent to which these help them to achieve their goal. They make up for the loss of status arising from working in a mill by intensifying activities which help them to regain it.

(iii) Epicureans:

The epicureans are disinclined to undertake activities which call for initiative, responsibility, discipline and physical discomfort. They strive to organise their activities and social roles in a manner which brings them unavoidable trouble. Work is a frustrating experience for them and they seek to avoid it to the maximum possible extent.

(iv) Family Oriented:

The family oriented becomes chronic absentees because of their too much pre-occupation with family affairs. The lack of balance between family involvement and job responsibility is the principal cause of their deviant work behaviour. Chronic illness of one or other of the family member, working wife, delinquency etc. impel them to be absent from work.

(v) Sick and Old Type:

The sick and old type remain absent from work by reason of ill health, weak constitution, chronic disease or old age.

20.10 Effects of Employee Absenteeism:

Excessive absenteeism is harmful to both employees and workers in the following ways:

1. Regular flow of work in the factory/office is disturbed.
2. Production schedules are delayed, so the orders cannot be executed in time.
3. Overall production declines.
4. Overtime bill increases considerably.
5. Quality of work suffers because the casual workers employed to maintain work schedules are not properly trained.
6. Work pressure on available and present employees increases.
7. Repairs and maintenance costs increase due to frequent breakdown of machinery by inexperienced workers.
8. Incidence of industrial accidents increase.
9. Workers lose wages for unauthorised absence from duty.

20.11 Measures to Control Employee Absenteeism:

Some of the measures to control absenteeism are as follows:

(i) Proper Working Conditions:

Bad working conditions are the main cause of absenteeism. The workers feel fatigued after a short period of work if there is insanitation, noise, dust, dampness, etc. There should be proper facilities at work. There should be a provision of drinking water, canteen, rest places, lavatories etc. so that workers do not feel tired at work place.

(ii) Proper Selection Procedure:

Absenteeism may also result if there is no proper recruitment and selection. When the workers are not well suited for the jobs then they will try to absent themselves. There should be aptitude training, intelligence tests for finding out the suitability of persons for the jobs they are being selected. When the job is suitable for the worker then he will enjoy work on it and will not think of absenting himself.

(iii) Reasonable Wage Rates:

The wage rates should be fixed by taking into account the requirements of workers. The wages should be sufficient to enable workers in maintaining reasonable standards of living.

(iv) Proper Grievance Settlement:

There should be a proper grievance settlement machinery for the workers. Sometimes there is a feeling among workers that their problems are not properly looked into and out of frustration they start absenting from duty. When there is a grievance settling machinery then the causes of discontentment can be removed at the earliest.

(v) Prevention of Accidents:

There should be proper safety measures in the factory. There is a direct relationship between absenteeism and accidents. The workers should be educated for properly using machines and precautions to be taken on the occurrence of some accident. When workers are not fearful of accidents then they will not skip their duties.

20.12 Employee turnover

Employee turnover refers to the number or percentage of workers who leave an organization and are replaced by new employees. Measuring employee turnover can be helpful to employers that want to examine reasons for turnover or estimate the cost-to-hire for budget purposes. Blanket references to turnover can be confusing; therefore, specific definitions and calculations for employee turnover may be useful to human resources practitioners.

20.13 Comparison of Different Turnovers

Although different types of turnover exist, the general definition is that turnover occurs when the employment relationship ends. Turnover and attrition – terms that are sometimes used interchangeably or together when describing the departure of an employee – are different. Attrition generally refers to the end of the employment relationship due to retirement, job elimination or employee death, and is distinguishable from turnover because when attrition occurs, the position is not filled with a new employee.

20.13.1 Involuntary Employee Turnover

Employee termination for poor job performance, absenteeism or violation of workplace policies is called involuntary turnover – also referred to as termination, firing or

discharge. It's involuntary because it wasn't the employee's decision to leave the company. Layoffs could also be considered involuntary terminations, though layoff procedures usually are handled differently from termination. Some layoffs have certain federal and state provisions that aren't afforded to employees who are fired because of performance or policy violations

20.13.2 Voluntary Employee Turnover

When an employee leaves the company of her own volition, it's called voluntary termination. Employees give a number of reasons for leaving their jobs. They may be accepting employment with another company, relocating to a new area or dealing with a personal matter that makes it impossible to work. When an employee voluntarily terminates the employment relationship, she generally gives the employer verbal or written notice of intent to resign from her job.

20.13.3 Desirable and Undesirable Turnover

Turnover often has a negative connotation, yet turnover isn't always a negative event. For example, desirable turnover occurs an employee whose performance falls below the company's expectations is replaced by someone whose performance meets or exceeds expectations. It's desirable because poor job performance, absenteeism and tardiness are costly replacing a poor performer with an employee who does his job can improve the company's profitability.

Desirable turnover occurs when replacing employees infuses new talent and skills, which can give an organization a competitive advantage. Conversely, undesirable turnover means the company is losing employees whose performance, skills and qualifications are valuable resources.

20.13.4 Basic Turnover Calculations

Basic turnover calculations are relatively simple. If your company employs 100 employees and 15 employees are fired or quit, your turnover is 15 percent. Most organizations use more detailed calculations to determine what underlies turnover. Assume five employees leave in January, one employee leaves in May and four employees leave in November. Your annual turnover rate is 10 percent, and your average monthly turnover is 8.3 percent.

20.14 Summary

Employee turnover calculations may also factor in different types of turnover, such as involuntary and voluntary, or even more specific reasons why employees leave, such as poor performance, absenteeism or employees accepting new jobs elsewhere. Turnover calculations are helpful to determine hiring costs, training requirements or estimating staff time devoted to recruitment activities.

20.15 Key words

Misconduct : Unacceptable or improper behaviour, especially by an employee or professional person.

Domestic Enquiry : A search for truth, facts, or circumstances concerning charges alleged by the employer against its employee

Absenteeism : The practice of regularly staying away from work or school without good reason.

Employee Turnover : The number of employees who quit the organization, or, are asked to leave, and are replaced by the new employees.

20.16 Self Assessment Questions

1. Briefly Explain the Basic Principles of Domestic Enquiry
2. Discuss the Essentials of Fair Enquiry
3. Define Absenteeism, Explain the Features of Employee Absenteeism
4. Explain the Classification of Employee Absenteeism
5. Outline the Measures of Control of employee Absenteeism

20.17 Further Readings

- Dale Yoder: **Personnel Management and Industrial Relations**, Printice Hall of India, NewDelhi, 2005 p. 95.
- Arun Monappa Industrial Relations; Tata Mc Graw-Hill Publishing Company Limited,
 - New Delhi, 2004.
- T.N. Chhabra & R.K. Suri, Industrial Relations (Concepts and Issues);Dhanpat Rai & Co. (Pvt.) Ltd; Delhi, 2007
- A.M. Sarma , Industrial Relations (Conceptual and Legal Framework); Himalayan PublishingHouse, New Delhi 2008.
- C.B. Mamoria & S.V. Gankar Personnel Management (Text & Cases); Himalayan
 - Publishing House, New Delhi 2010.

M.A (HRM) Degree Examination January -2022

First Semester

Paper-II: Human Resource Management

Time : Three Hours

Maximum : 70 Marks

SECTION A — (5 x 4 = 20 marks)

Answer any FIVE of the following

1

- | | |
|------------------|----------------------------|
| (a). HRM | (f).Induction |
| (b). HRP | (g). Career Path |
| (c). Rightsizing | (h). Selection |
| (d). Downsizing | (i). Training |
| (e). Recruitment | (j). Performance Appraisal |

SECTION B — (2 x 10 = 20 marks)

Answer any TWO of the following

- 2). Discuss in detail about the Concept and Scope of Human Resource Management?
- 3). Explain the Importance of Forecasting Demand and supply of Employees
- 4). Explain the Sources of Recruitment
- 5). Examine the Methods of Performance Appraisal?

SECTION C — (2 x 15 = 30 marks)

Answer any TWO of the following

- 6). Explain how the Internal and External Environment that affect the HRM Programmes
- 7). Discuss the Determinants of current and Future HR Requirement?
- 8). Briefly Explain the Concept, Objectives Methods of Training?
- 9). Describe the Policies and Methods of wage payments?

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