HUMAN RESOURCE MANAGEMENT

BBA SECOND YEAR

Semester – 3

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BBA SECOND YEAR Semester - 3

HUMAN RESOURCE MANAGEMENT

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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 ‘A’ Grade from the NAAC in the year 2014, the Acharya Nagarjuna University is offering educational opportunities at the UG, PG levels apart from research degrees to students from over 285 affiliated colleges spread over the two districts of Guntur and Prakasam.

The University has also started the Centre for Distance Education with the aim to bring higher education within reach of all. 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 housewives desirous of pursuing higher studies. With the goal of bringing education in the door step of all such people. Acharya Nagarjuna University has started offering B.A, and B, Com courses at the Degree level and M.A, M.Com., L.L.M., courses at the PG level from the academic year 2021-22 on the basis of Semester system.

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 invited 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 aim that students getting higher education through the Centre for Distance Education should improve their qualification, have better employment opportunities and in turn facilitate the 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, Coordinators, Editors and Lesson -writers of the Centre who have helped in these endeavours.

Prof. P.Rajasekhar
Vice –Chancellor,
Acharya Nagarjuna University

B.B.A SEMESTER – III

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Objectives :

The objective of the course is to familiarize students with the different aspects of managing Human Resources in the organization through the phases of acquisition, development and retention.

SYLLABUS :

Unit – I :

Introduction : History and Evolution of HRM, Concept, Scope, Characteristics, Objectives & Importance of HRM, Personal Management Vs. HRM.

Unit – II :

Acquisition of Human Resources : Concept of Human Resource Planning, Objectives, Need and importance, Process of Human Resource Planning, Problems in Human Resource Planning, Requisites for successful Human Resource Planning.

Job Analysis : Introduction, Uses of Job Analysis, Process of Job Analysis, Job Decriotion and Job Specification.

Recruitment : Introduction to Recruitment, Factors governing Recruitment, Process & Sources of Recruitment.

Selection : Meaning of Selection, Steps in Selection process, Selection Tests & Interviews.

Placement, Induction & Job Changes, Concept of Placement, Concept of Induction, Concept of Transfer, Types of Transfer, Concept of Promotion, Promotion Policy.

Case Study : A Tale of Twists and Turns.

Unit – III :

Training : Concept and Importance of training, types of training, methods of training, designing of a training, programme; evolution of training, effectiveness.

Executive Development : Concept, process and techniques.

Career Planning and Development : Concept, objectives and process.

Case Study : Vishal Fast Foods Private Ltd.

Unit – IV :

Job Evaluation : Concept and Essentials of Job Evaluation Methods of Job Evaluation.

Performance Appraisal : Concept, Importance , Process of Performance Appraisal, Methods of Performance Appraisal, Job Evaluation Vs. Performance Appraisal.

Compensation : Introduction to Compensation Management, Objectives & Components of Compensation.

Case Study : Should Job Evaluation plan be Specific or General.

Unit – V :

International Dimensions of Human Resource Management : Introduction to International Human Resource Management, understanding role of Culture in International Management Practice; HRM Practices as a Cultural Variable. International HRM on Productivity, Quality of Work Life and Bottom Line.

Text Books :

1. Chabra, T. N; Human Resource Management; Dhnpati Rai & Co. Pvt. Ltd. New Delhi 2003.
2. Dr. Gupta, C. B; Human Resource Management, Sultan Chand and Sons, New Delhi, 2003.
3. Hippo, Edwin B., Personal Management, Tata Mc. Graw Hill.
4. Rao, V S P, Human Resource Management, Text and Cases, Excel Books, 2004.
5. Aswathappa, K; Human Resource and Personnel Management (Text and Cases), Tata Mc. Graw Hill Publishing Company, New Delhi 2003.
6. Dessler, Gray; Human Resource Management, Prentice Hall.
7. D'Cenzo, David A & P. Robbin, Personnel Human Resource Management, Prentice Hall of India.
8. Beardwell, Tan & Len Holden, Human Resource Management, Macmillan, Delhi.

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MODEL QUESTION PAPER

BBA SECOND YEAR

Semester - 3

HUMAN RESOURCE MANAGEMENT

Time: Three hours **Max. Marks: 70**

SECTION – A **(5 x 4 = 20 Marks)**

Write short answer for any **FIVE** of the following questions.

1. Explain the concept of HRM.
2. What do you mean by personal management ?
3. Write the need of human resource planning.
4. What is job analysis ?
5. Write a brief note on Induction.
6. Write the importance of Training.
7. Write the need of compensation management.
8. What do you understand by International human resource management ?

SECTION B **(5 x 10 = 50 Marks)**

Answer the following questions.

9. (a) Explain the importance of HRM.

Or

(b) Explain the history and evolution of HRM.

10. (a) Explain the process of Human Resource planning.

Or

(b) Explain the factors governing recruitment process.

11. (a) Explain the objectives and process of career planning.

Or

(b) Explain how you can make training effective ?

12. (a) Explain the methods of performance appraisal.

Or

(b) Explain the essentials of job evaluation.

13. (a) Explain the role of culture in International Management.

Or

(b) Explain the International dimensions of Human Resource Management.

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CONTENTS

LESSON – 1

HISTORY AND EVOLUTION OF HRM

LEARNING OBJECTIVES :

- ✓ To Discuss the History of Human Resource Management
- ✓ To know the Evolution of Human Resource Management
- ✓ To study the Stages of HRM

STRUCTURE OF THE LESSON :

1.1 History of Human Resource Management

1.2 Early beginnings 1400s–1700s

1.3 "Personnel" 1800s

1.4 "Labor relations/human relations": 1900s–1970s

1.5 "Strategic HRM": 1980s to present

1.6 Evolution of Human Resource Management

1.7 Stages of HRM

- 1.7.1 Stage 1. Early Training Programmes Arranged by Shopkeepers
- 1.7.2 Stage # 2. Early Vocational Education Programmes in USA
- 1.7.3 Stage # 3. Early Factory Schools in Developed Countries
- 1.7.4 Stage # 4. Early Training Programmes for Semi-Skilled and Unskilled Workers
- 1.7.5 Stage # 5. Human Relations Movement
- 1.7.6 Stage # 6. Establishment of New Training Programme
- 1.7.7 Stage # 7. Emergence of Human Resource Development Concept
- 1.7.8 Stage # 8. HRD Concept and Philosophy

1.8 Summary

1.9 Key words

1.10 Self Assessment Questions

1.11 Suggested Readings

1.1 HISTORY OF HUMAN RESOURCE MANAGEMENT :

What is being called human resource management (HRM) today has had a long and checkered history. A number of key changes in the social and economic environment have affected the evolution of HRM, some of which we will highlight in the following sections. Although many of the historians of HRM begin with the 19th century, which was a period of rapid industrialization in the U.S., we start our review much earlier with the development of tribes and, later, apprenticeship and independent contractor systems of the late medieval period. One reason for this is that we want to highlight the changes in the employment relationship over time. This brief historical overview is not meant to be exhaustive; instead, it provides a context for appreciating the strides we've made in what we now call “HRM.” In this special issue, we focus on HRM past and present. Note that there will be a companion to this special issue later this year that will focus on HRM present & future.

1.2 EARLY BEGINNINGS (1400S – 1700S) :

Historically, HRM probably was the earliest evolved management function, predating other functions such as finance, accounting, and marketing. Although unrecorded, the actual managing of human resources doubtless has occurred since the first organization of people into functioning units such as tribes. As tribes formed and, particularly, as they evolved from hunting and then farming, a division of labor undoubtedly arose with recognition of differing productivity of individuals. This development was a form of division of labor in which different persons occupied different roles in the productive society.

Crafts persons who could develop tools for farmers and be supported by the productivity of others engaged in farming doubtless emerged, and a natural division of labor arose. In short, the productivity of various crafts and occupations varied, and trade evolved to take advantage of these variations. Whether managed through the natural functioning of a market and a market allocation of productive roles, or the human resource management of a tribal leader, the issues of managing human resources emerged. In the late 18th century the Industrial revolution began in Europe and spread to the U.S. This revolution completely changed the way that individuals earned a living, and led to a shift from an agricultural to an industrial or manufacturing society. Human skills and craftwork were replaced with machines, and the factory system was born. Factories and manufacturing greatly improved production, and altered employment relationships. For instance, these systems replaced the self-employment independent contractor system and created permanent wage earners who were employed by organizations. At the same time, it resulted in the rationalization of work and another division of labor. Workers who had been skilled contractors became the tenders of machines and performed highly specialized routine tasks. The new manufacturing system also created the need to supervise large numbers of workers, and management practices tended to be autocratic and paternalistic Management expressed little concern for the safety or welfare of workers, and workers were controlled with force and fear . This approach to management continued until the end of the 19th century.

1.3 "PERSONNEL" (1800S) :

Around 1800, an English factory owner named Robert Owens altered a number of aspects of the employment relationship and developed "welfare to work" systems in order to improve both social and working conditions for workers. In particular, he taught that his workers' temperance and cleanliness improved working conditions, and refused to employ young children. In some cases, these practices evolved into more elaborate paternalistic systems where workers were provided with company housing, company stores, company schools, apprenticeships, pensions, life and accident insurance, hospitals, and libraries .

Welfare-to-work systems can be defined as "anything for the comfort and improvement, intellectual or social, of the employees, over and above wages paid, which is not a necessity of the industry or required by law" (U.S. Bureau of Labor, 1919, p. 8). These new systems were designed to promote good management and worker relations, increase productivity, and avert worker conflict and unionization. Not surprisingly, these practices set the stage for many of the employee benefits that are used to attract, motivate, and retain workers today. They have also become the norm for many benefit systems in Western nations. In the era following the civil war (1860s), labor-management disputes began to occur. Employers wanted to thwart unions and believed that changes in working conditions would enhance performance.

As a result, welfare-to-work programs escalated, but these programs were actually designed to benefit businesses not workers. As these programs grew in scope in the late 1800s, organizations hired welfare secretaries to administer them, and eventually the role of welfare secretary evolved into the employment manager and, at a later point in time, the "personnel manager". The primary functions of this role were to hire, fire, discipline, and reward employees, which meant that line managers no longer had to focus on managing and retaining the workforce. Many organizations began to enact paternalistic practices, but some employers were mistreating employees, which led crafts workers and others to join protection societies later known as labor unions .

As might be expected, employers fought the growth of unions and took a number of steps to curtail unionization, including court injunctions or forcing applicants to sign yellow dog contracts indicating that they would not join a union.

1.4 "LABOR RELATIONS/HUMAN RELATIONS" (1900S – 1970S) :

With the advent of manufacturing, employers sought ways of enhancing efficiency and productivity. Engineers (e.g., Frederick Taylor), Industrial and Organizational Psychologists (e.g., Lillian Gilbreath), sociologists (e.g., Max Weber), and Management scholars (e.g., Heny Fayol) focused on strategies for enhancing organizational efficiency, and developed new approaches to managing workers. For instance, the Scientific Management approach fostered by Frederick Taylor (1947) emphasized the rationalization of work by studying the job scientifically, breaking it down into components, and determining the one best way to perform the job. This approach diminished worker autonomy and stressed that employees should be supervised closely to ensure that they performed the job exactly as expected. At the same time Max Weber (1927) suggested that organizational efficiency could be improved by using legitimate rules and authority systems. The new design of jobs and the resultant autocratic management systems spawned even greater levels of conflict between workers and organizations. In the 1930s the National Labor Relations Act, the Norris-LaGuardia Act (1932), the Wagner Act (1935), and other laws led to the growth of unions. As a result of increased unionization and use of scientific management principles, personnel departments grew and focused on job analysis as the basis for employee selection, training, job evaluation, and compensation. In addition, The Wagner Act defined the New Deal industrial relations system and "declared that the goal of public policy was to encourage the practice of collective bargaining, to eliminate labor's inequality of bargaining power, and introduce democratic rights of ….due process to industry". In view of these policies, industrial relations (IR) departments emerged in organizations in order to manage collective bargaining agreements, World War II created an exceptional demand for labor and slowed temporarily the growth of unions.

The war brought wage freezes and prohibited strikes, but following the war there was an increased need for HRM. The post-war era brought renewed interest in unions, and workers were determined to recover their lost wage increases. In addition, federal labor laws and wage controls created an increased demand for personnel departments. In addition, the growing power of unions and labor unrest resulted in the passage of the Taft Hartley Act. The act was designed to equalize power between labor and management. During the 1940s and 1950s, unions represented 47% of the U. S. labor force, and 95% of companies had at least one union .

At the same time, employers began to hire more educated personnel managers because of the constraints posed by unions and the need to manage unionized workforces. In the 1930s, employment managers began to argue that conflict was not inherent in labor relations, but was caused by poor management and work systems. As a result, researchers conducted a series of experiments to examine the effects of different work systems on worker productivity. These researchers found that the social elements and workers' needs had an important impact on the output and workers' well-being. This new approach was labeled the Human Relations movement, and emphasized that workers have social needs. The Human Relations approach broadened the view of HRM beyond the individual and the job, and stressed the work group and social structures of organizations. In the 1950s, the Human Relations movement in the field of HRM challenged the assumption that people did not want to work, and it stressed that human resources made important contributions to organizations. As a result, the term "personnel management" was replaced with the label "human resource management", which emphasized that human resources were assets to organizations.

In the 1960s and 1970s, the Human Relations approach evolved into the Quality of Work Life (QWL) era. This approach attempted to satisfy the interests of employees and organizations by stressing both employee well-being and productivity. For example, management developed new programs that underscored job enrichment and career development; in addition, new policies were designed to improve workers' quality of work life in order to enhance their satisfaction and commitment to organizations. During this era, managers also developed programs that focused on labor-management cooperation and promoted collaborative efforts to improve workers' quality of work life. The QWL era was facilitated by legislation that highlighted fair employment practices including Civil Rights Acts (1964), Occupational Safety and Health Act (1970), and Employee Retirement Income Security Act of 1974). The passage of these acts, and the development of new QWL programs, promoted the need for professional Human Resource managers and new forms of HRM policies and practices in organizations.

1.5. "STRATEGIC HRM" (1980S TO PRESENT) :

All of these above-mentioned changes and challenges prompted the development of a "new" HRM function. This new function is much more of a strategic partner in organizations due to the recognition that human resources are critical to the functioning of organizations in the service and knowledge economies. In addition, the late 20th century saw an increased reliance on employee-relations, and HRM was called on to foster a sense of trust in the relations between managers and workers.

American organizations began to stress non-unionized HRM practices and to adopt many of the Japanese management principles that emphasized employees as critical resources that can give organizations a competitive advantage. As a result, HRM has evolved from a "personnel" function to a human relations, then labor relations, then industrial relations, and most recently strategic HRM function. In the articles that follow, this evolution of the field is further articulated in terms of both general and specific events. To set the stage for examining our roots, Kaufman (2014-in this issue) traces the development of HRM from the labor problem that surfaced in the 19th century to the multifaceted strategic HRM/industrial relations/personnel economics nature of the field today.

1.6 EVOLUTION OF HUMAN RESOURCE MANAGEMENT

While the term "human resource development" (HRD) has only been in common use since the 1980s, the concept has been around a lot longer than that. To understand its modern definition, it is helpful to briefly recount the history of this field.

The origins of HRD can be traced to apprenticeship training programmes in the eighteenth century. During this time, small shops operated by skilled artisans produced virtually all household goods, such as furniture, clothing, and shoes. To meet a growing demand for their products, craft shop owners had to employ additional workers. Without vocational or technical schools, the shopkeepers had to educate and train their own workers. For little or no wages, these trainees, or apprentices, learned the craft of their master, usually working in the shop for several years until they became proficient in their trade.

Not limited to the skilled trades, the apprenticeship model was also followed in the training of physicians, educators, and attorneys. Even as late as the 1920s, a person apprenticing in a law office could practice law after passing a state-supervised exam.

Mastered Apprentices having necessary skills were considered “yeomen,” and could leave their masters and establish their own craft shops; however, most remained with their masters because they could not afford to buy the tools and equipment needed to start their own craft shops.

To address a growing number of yeomen, master craftsmen formed a network of private “franchises” so they could regulate such things as product quality, wages, hours, and apprentice testing procedures. These craft guilds grew to become powerful political and social forces within their communities, making it even more difficult for yeomen to establish independent craft shops.

By forming separate guilds called yeomanries, the yeomen counter-balanced the powerful craft guilds and created a collective voice in negotiating higher wages and better working conditions. Yeomanries were the forerunners of modern labour unions.

In 1809, a man named DeWitt Clinton founded the first recognized privately funded vocational school, also referred to as manual school, in New York City. The purpose of the manual school was to provide occupational training to unskilled young people who were unemployed or had criminal records. Manual schools grew in popularity, particularly in the mid- western states, because they were a public solution to a social problem: what to do with “misdirected” youths. Regardless of their intent, these early forms of occupational training established a prototype for vocational education.

In 1917, Congress passed the Smith-Hughes Act, which recognized the value of vocational education by granting funds targeted for state programmes in agricultural trades, home economics, industry, and teacher training. Today, vocational instruction is an important part of each state’s public education system. In fact, given the current concerns about a “skills gap”, vocational education has become even more critical.

With the advent of the Industrial Revolution during the late 1800s, machines began to replace the hand tools of the artisans. “Scientific” management principles recognised the significant role of machines in better and more efficient production systems. Specifically, semiskilled workers using machines could produce more than the skilled workers in small craft shops could. This marked the beginning of factories as we know them today.

Factories made it possible to increase production by using machines and unskilled workers, but they also created a significant demand for the engineers, machinists, and skilled mechanics needed to design, build, and repair the machines. Fuelled by the rapid increase in the number of factories, the demand for skilled workers soon outstripped the supply of vocational school graduates.

In order to meet this demand, factories created mechanical and machinist training programmes, which were referred to as “factory schools.” The first documented factory school, in 1872, was located at Hoe and Company, a New York manufacturer of printing presses. This was soon followed by Westinghouse in 1888, General Electric and Baldwin Locomotive in 1901, and International Harvester in 1907.

Although both apprenticeship programmes and factory schools provided training for skilled workers, very few companies during this time offered training programmes for the unskilled or semi-skilled worker. This changed with the advent of two significant historical events’. The first was the introduction of the Model T by Ford in 1913. The Model T was the first car to be mass- produced using an assembly line, in which production required only the training of semi-skilled workers to perform several tasks.

The new assembly lines cut production costs significantly, and Ford lowered its prices, making the Model T affordable to a much larger segment of the public. With the increased demand for the Model T, Ford had to design more assembly lines, and this provided more training opportunities. Most of the other automobile manufacturers who entered the market used assembly line processes, resulting in a proliferation of semi-skilled training programmes.

Another significant historical event was the outbreak of World War I. To meet the huge demand for military equipment, many factories that produced non-military goods had to retool their machinery and retrain their workers, including the semi-skilled. For instance, the U.S. Shipping Board was responsible for coordinating the training of shipbuilders to build warships.

To facilitate the training process, Charles Allen, director of training, instituted a four-step instructional method referred to as “show, tell, do, check” for all of the training programmes offered by the Shipping Board. This technique was later named job instruction training (JIT) and is still in use today for training workers on the job.

One of the by-products of the factory system was the frequent abuse of skilled workers, including children, who were often subjected to unhealthy working conditions, long hours, and low pay. The appalling conditions spurred a national anti-factory campaign. Led by Mary Parker Follett and Lillian Gilbreth, the campaign gave rise to the “human relations” movement advocating more humane working conditions.

Among other things, the human relations movement provided a more complex and realistic understanding of workers as people instead of merely “cogs” in a factory machine. The human relations movement highlighted the importance of human behaviour on the job. This was also addressed by Chester Barnard, the president of New Jerser Bell Telephone, in his influential 1938 book titled The Functions of the Executive.

The movement continued into the 1940s, with World War II as a backdrop. Abraham Maslow published his theory on human needs, stating that people can be motivated by non-economic incentives. He proposed that human needs are arranged in terms of lesser to greater potency (strength), and distinguished between lower order (basic survival) and higher order (psychological) needs. Theories like Maslow's serve to reinforce the notion that the varied needs and desires of workers can become important sources of motivation in the workplace.

With the outbreak of World War II, the industrial sector was once again asked to retool its factories to support the war effort. As had happened in World War I this initiative led to the establishment of new training programmes within larger organisations and unions. The federal government established the Training within Industry (TWI) Service to coordinate training programmes across defence related industries.

TWI also trained company instructors to teach their programmes at each plant. By the end of the war, the TWI had trained over 23,000 instructors, awarding over 2 million certificates to supervisors from 16,000 plants, unions, and services.
Many defence-related companies established their own training departments with instructors trained by TWI. These departments designed, organised, and coordinated training across the organisation. In 1942, the American Society for Training Directors (ASTD) was formed to establish some standards within this emerging profession.

At the time, the requirements for full membership in ASTD included a college or university degree plus two years of experience in training or a related field, or five years of experience in training. A person working in a training function or attending college qualified for associate membership.

During the 1960s and 1970s, professional trainers realised that their role extended beyond the training classroom. The move toward employee involvement in many organisations required trainers to coach and counsel employees. Training and development (T&D) competencies therefore expanded to include interpersonal skills such as coaching, group process facilitation, and problem solving.

This additional emphasis on employee development inspired the ASTD to rename itself as the American Society for Training and Development (ASTD). The 1980s saw even greater changes affecting the T&D field. At several ASTD national conferences held in the late 1970s and early 1980s, discussions centred on this rapidly expanding profession.

As a result, the ASTD approved the term human resource development to encompass this growth and change. In the 1990s, efforts were made to strengthen the strategic role of HRD, that is, how HRD links to and supports the goals and objectives of the organisation.

There was also an emphasis within ASTD (and elsewhere) on performance improvement as the particular goal of most training and HRD efforts, and on viewing organisations as high performance work systems.

The effective performance of an organisation depends not just on the available resources, but its quality and competence as required by the organisation from time to time. The difference between two nations largely depends on the level of quality of human resources.

Similarly, the difference in the level of performance of two organisations also depends on the utilisation value of human resources. Moreover, the efficiency of production process and various areas of management depend to a greater extent on the level of human resources development.

HRD assumes significance in view of the fast changing organisational environments and need of the organisation to adopt new techniques in order to respond to the environmental changes.

Human Resource Development (HRD) is that part of Human Resource Management which specifically deals with the training and development of employees. It helps the employees in developing their knowledge, skills and abilities to achieve self-fulfilment and aid in the accomplishment of organizational goals.

HRD can be defined as organized learning activities arranged within an organization in order to improve performance and/or personal growth for the purpose of improving the job, the individual, and/or the organization.

HRD includes the areas of employee training, career development, performance management, coaching, mentoring, key employee identification, talent development and organization development. Developing a highly productive and superior workforce is the aim of HRD activities.

The role of human beings in an organization's success is deeply recognized. Many formal and informal methods are used for developing the employees. HRD strives for the improvement of not just the individual workers, but for the growth of the group and organization as a whole.

The human resource development has not developed within a short period. It took decades together for development of HRD concept to the present form. Evolution of it can be traced as way back to beginning of industrialization. It is necessary to trace history of it for understanding the modern concept of HRD.

1.7 STAGES OF HRM :

The evolution involves the following stages :

1.7.1 Stage 1. Early Training Programmes Arranged by Shopkeepers :

In early stage of industrialization the skilled artisan used to produce household goods. With the increasing demand of their products, they started giving training to their workers and sometime they used to keep extra manpower. These people were trained sometime with pay or without pay.

They used to work with the owners because their resources were limited and they were not in a position to invest for machines and infrastructure facilities. They worked for longer period with the shopkeepers because they were unable to start their own shop. Later on this apprentice model was adopted for training of doctors, educationist and lawyers.

The workers who acquired all skills of an efficient worker were called yeomen. Some of them left their masters and started their own shop but many of them could not start because they could not afford to buy tools and equipment for their craft shops. With growing number of skilled craftsman they formed their network to establish standards of product quality, wages of workers, working hours and apprentice testing procedure.

This way the craft guilds were established and became powerful. It made difficult for yeomen to start their own independent craft shops. The yeomen too started their guilds and these started working to protect their interests in negotiating for higher wages, better working conditions and reasonable working hours. These were the forerunners of present trade unions.

1.7.2 Stage # 2. Early Vocational Education Programmes in USA :

With the objective to provide vocation training to unskilled young and unemployed people Mr. D. Clinton established a vocational school in New York City in USA in early beginning of nineteenth century. This was accepted and got popularity slowly. Further it provided training to unemployed with criminal records.

This provided solution of the social problems in mid- eastern states in USA. This school was accepted as a model for vocational education and government passed The Smith-Hughes Act. Under this Act the value of vocational education was recognized and funds were allocated for this purpose for state programmes in agricultural trades, home economics, industry, and teacher training.

Nowadays the vocation education is an important part of every state public education systems. This has been accepted in other countries including India.

1.7.3 Stage # 3. Early Factory Schools in Developed Countries :

With the development of science and technology, new machines and equipment were introduced in manufacturing. This led to industrialization in developed countries first mainly. The manual workers were replaced by machines. Under scientific management principles advocated by Henry Fayol and F.W. Taylor the importance of machines in production system for better and efficient performance was realized.

The demand for skilled and semi-skilled workers increased. The semi-skilled workers were used for production and skilled workers were used for designing, repairing and assembly of machines. This way the factory system developed. The demand of skilled workers was not fulfilled due to short supply.

Further rapid increase in number of factories this demand was increased more. In order to meet this demand, some of the companies established factory school. The training programmes were prepared and workers were trained to meet the increasing demand.

First school of this type was established at Hoe & Company in New York and later on in the last quarter of nineteenth century other companies also established such schools. The focus of these schools was to develop skills of workers for a particular job related to the factory work and not in general.

1.7.4 Stage # 4. Early Training Programmes for Semi-Skilled and Unskilled Workers :

In the beginning training was only given to skilled workers and not to unskilled or semi-skilled workers. In 1913 a model of car for mass public known as model T was produced by Ford Company. It used an assembly line to produce this car with the help of semi-skilled workers. The assembly line production technique reduced the production cost and it was possible to provide a car at lower price.

This became affordable to a larger segment of the public. With the increased demand it was required to design and operate more assembly lines. This increased opportunities for training. Other manufacturers of automobiles too started using assembly line. Next reason for demand of semi-skilled workers was a historical event known as outbreak of World War I. The demand of military weapons increased drastically.

To produce more military weapons many new factories were established. Further the demand for semi-skilled workers increased. To fulfil the demand of semi-skilled workers training programmes were started to train the workers on-the-job. This was called job instructional training (JIT) and in present time it is known as on-the-job-training method.

1.7.5 Stage # 5. Human Relations Movement :

Due to industrialization the production started at large-scale. The demand of products increased due to two World Wars and increased population. Workers were asked to work for longer hours, with very poor working conditions at a meagre salary and unfavourable attitude of the management. It can be said that they were exploited in the factory system.

The deplorable condition of workers became reason of anti-factory campaign at national level. It was led by Mary Parker Follett and Lillian Gilberth and it was known as human relations movement. Under this movement it was advocated that the workers are human being and not a part of the machine. They must be treated like a human being and not a machine. At workplace their requirements should be fulfilled to a satisfactory level.

The importance of human behaviour at work was accepted as an important factor for better performance. This was also supported by Chester Barnard, in 1938 and said that an organisation is a social structure and integrating principles of management and behavioural science at work. Abraham Maslow published his Motivation Theory based on human needs, stating that people can be motivated by different levels of needs.

It was accepted by industrialists as a tool to motivate people by fulfilling their needs and increased their production. Further, Elton Mayo carried out Hawthorne experiments and advocated the impact of human involvement in the job if they are cared properly.

Other experts also expressed their views and advocated that human resource is an important resource and it must be looked after properly at workplace. This may help to increase quality and quantity of performance and reduce production costs.

1.7.6 Stage # 6. Establishment of New Training Programme :

The demand of military weapons and equipment increased further due to outbreak of World War II. Industries were asked to support the war efforts by manufacturing military weapons. It was needed to re-arrange the production facilities at large-scale to meet the need of the war. Demand of skilled workers increased further.

The initiatives were taken to establish new training programmes with the larger organisations and unions. The federal government took lead and established the Training within Industry (TWI) Service to coordinate training programmes in industries where military war related goods were produced. Instructors of different industries were trained by TWI so to enable each manufacturing unit to start training at their plant itself.

TWI trained nearly 25,000 instructors by the end of the war. The supervisors were issued certificates from many industrial units. With the trained instructors many companies designed, organized and arranged for training programme. Most of defence-related companies established their own training departments for training of their own workers. Due to this the demand of skilled workers was met and production of military related goods increased to meet the requirement of World War II.

Further to improve the standard of training in 1942, the American Society for Training Directors (ASTD) was formed to establish standards of training in emerging profession in the country. To become members of ASTD qualification and experience criteria were fixed by ASTD.

1.7.7 Stage # 7. Emergence of Human Resource Development Concept :

After World War the importance of human resource was realized more in comparison with the past. The trained instructors realize that their role is not limited to classroom training. They can play an important role outside of classroom also. They started coaching, counselling and problem-solving activities.

To perform this task the need for training and development skills including inter-personal skills, coaching, group facilitation and problem-solving was strongly felt by the management. The focus on human resource development inspired ASTD to rename itself. It was renamed as American Society for Training and Development (ASTD).

During seventies and eighties ASTD arrange for many national conferences and discussion was mainly on training and development of employees. As a result, the ASTD approved and accepted the concept of human resource development and linked it support and contribute in accomplishment of objectives of the organisation.

Further, it was advocated that through HRD efforts the performance and efficiency of employees and system can be improved. In this direction in 1990s, efforts were made to strengthen the strategic role of HRD.

1.7.8 Stage # 8. HRD Concept and Philosophy :

With increasing global competition, it has become difficult for organisations to start, survive, grow, stabilize and excel their performance in business. They are under tremendous pressure to improve their performance quantitatively and qualitatively with cost effectiveness.

The new challenges are faced by the management The challenges faced by business organizations are how to improve profitability, tune products and services as per changing need of customers and organizational development to stay in competitive race of business. To tackle this situation the different experts suggested different activities and management has recognized the development of competency of people, coordination between people at different levels, minimizing production costs and improving productivity.

All these activities were clubbed together under umbrella of human resource development. Human resource development concept has been defined by different human resource management experts like Nadler, Billimorea and Singh, Ishwar Dayal, T.V.S. Rao and Udai Parikh.

From the study of abovementioned definitions given by experts it can be said that HRD is the process of helping people to acquire competencies. In an organizational context, HRD is a process by which the employees of an organisation are helped in a continuous and systematic way to –

(i) Acquire or develop capabilities required to perform various functions relating to their present and future roles.

(ii) Improve their general capabilities as individuals, discover and exploit their available potential for their own and organizational development purpose.

(iii) Improve supervisor-subordinate relationship, teamwork and collaboration among different departments in an organizational culture and to contribute to the welfare, motivation and pride of employees. Human resource development therefore is defined as the total knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce as well as the values, attitudes and beliefs of the individuals involved.

1.8 SUMMARY :

Human resource development is a systematic and planned activities designed by an organisation to provide its members with the opportunities and facilities to learn necessary skills and develop competencies to perform the current jobs and prepare them for further jobs also. Human resource development process is facilitated by mechanisms or sub-systems like performance appraisal, training, organisational development, potential development, job rotation, welfare and reward.

People are helped to acquire new competencies through various systems continuously. This has been realized and accepted at macro, micro and individual levels. Under different universities and institutions degree and diploma courses in HRD were introduced at graduation and post-graduation levels in different countries including India also.

1.9 KEY WORD(S) :

Human Resource Development (HRD) is that part of Human Resource Management which specifically deals with the training and development of employees.

1.10 SELF ASSESSMENT QUESTIONS :

1. Briefly Discuss the History of Human Resource Management
2. Explain the Evolution of Human Resource Management
3. Examine the Stages of HRM?

1.11 SUGGESTED READINGS :

1. C.B. Mamoria & S.V. Gankar,Personnel Management (Text & Cases); HimalayanPublishing House, New Delhi 2010
2. Andrew J.Dubrin, Essentials of Management, South Western college Publication, 2011.
3. Dipak Kumar Bhattacharya, Principles of Management -Text & Cases, Pearson Publication, 2012.
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LESSON – 2

CONCEPT AND SCOPE OF HUMAN RESOURCE MANAGEMENT

LEARNING OBJECTIVES :

- ✓ To study the Nature and Features or characteristics of HRM
- ✓ To Significance/need/scope of HRM
- ✓ To learn Objectives/functions of HRM
- ✓ To Analyze the Importance and challenges of Human Resource Management

STRUCTURE OF THE LESSON :

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

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

2.2 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 remunerationto 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 setof programmers, functions and activities designed and carried out in order to maximize both employee as well as organizational effectiveness.

2.3 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.

Significance / Need of HRM :

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

i) 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.

ii) 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.

iii) 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.

iv) 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.

v) 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.

vi) 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.

vii) 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 ventured thus industrial development increases and the economy improves.

2.4 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 dynamicsthat flow from it.

The scope of HRM is really vast. All major activities n 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

2.4.1 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.

2.4.2 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.

2.4.3 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.

2.4.4 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.

2.4.5 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.

2.4.6 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.

2.4.7 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.

2.4.8 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.

2.4.9 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.

2.5 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 :** 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.

Main Objectives :

a) **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.

b) **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.

c) **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.

d) **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 employeeturnover.

2.6 FUNCTION 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 functionslike remuneration, assessment etc.

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 amongbased on the extent to which their abilities and skills are matching with the job.

2.7 IMPORTANCE OF THE HUMAN FACTOR :

a) Proper utilization of other resources

b) Help transform lifeless factors of production into useful products

c) Capable of enlargement.

d) produce extraordinary things when inspired

e) Can help organization achieve results quickly, efficiently & effectively.

f) The secret of their success is –The way they treat their employees– Sony

g) 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‖

h) How important are people treated in the Organization.

i) Organization acquires the services from the Employees, Develop their Skills and motivate them to achieve the organization objectives.

j) HR - Productivity, Quality Work Life & Profit.

k) The Enterprise is People, Organization need people and People need Organization.

2.8 IMPORTANCE OF THE HRM :

The importance of human factor can be discussed as follows :

a) Social Significance :

Proper management of personnel, enhances their dignify by satisfying their social needs. This it does by maintaining a balance between the jobs available and the jobseekers, according tothe qualifications and needs;

i) providing suitable and most productive employment, which might bring them psychological satisfaction;

ii) making maximum utilization of the resourcein an effective manner and paying the employee a reasonable compensation in proportion tothe contribution made by him;

iii) eliminating waste or improper use of human resource, through conservation of their normal energy and health; and

iv) by helping people make theirown 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 immenseloss 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. Itis 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.

2.9 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 andobjectives.

1) **Managing the Vision :** Vision of the organization provides the direction to business strategyand 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 bythe 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 outthe 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 makingand 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.

Difference between the HRM and Personnel Management :

i) Personnel management is workforce centered, directed mainly at the organization’s employees; such as finding their performance deficits and training them, arranging for them to be well compensated, explaining the management’s expectations, justifying management’s actions etc. While on the other hand, HRM is resource-centered, directed mainly at the management, in terms of devolving the responsibility of HRM to line management, management and organization development etc.

ii) Although indisputably a management function, personnel management has never totally identified with management interests, as it becomes ineffective when not able to understand and articulate the aspirations and views of the workforce, just as sales representatives have to understand and articulate the aspirations of the customers. HRM has a more of an integrative role in the organization by involving in the strategic decision making process of the organization.

iii) Personnel management is basically an operational function, concerned primarily with carrying out the day-to-day people management activities. While on the other hand, HRM is strategic in nature, that is, being concerned with directly assisting an organization to achieve sustained competitive advantage over its business rivals.

iv) HRM is more proactive than Personnel Management. Whereas personnel management is about maintenance oriented and administrative in nature. On the other hand, HRM is about the visualizing and forecasting of organizational needs, the continual monitoring and adjustment of the existing HR systems so as to meet the current and future requirements of the business and cater the challenges pertaining to the management of organizational change and development.

2.10 SUMMARY :

HRM is the study of activities regarding people working in an organization. It is a managerial functionthat 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 controllingof 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 objectives.

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.

2.11 KEYWORDS :

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

Employee : A person employed for wages or salary, especially at non-executivelevel.

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.

2.12 SELF ASSESSMENT QUESTIONS :

1. Briefly explain the Nature and Features of HRM
2. Examine the Characteristics of HRM
3. Discuss the Objectives and Functions of HRM
4. Describe the Importance and challenges of HRM?

2.13 SUGGESTED READINGS :

1. C.B. Mamoria & S.V. Gankar,Personnel Management (Text & Cases); HimalayanPublishing House, New Delhi 2010.
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LESSON - 3

PERSONNEL MANAGEMENT

LEARNING OBJECTIVES :

- ✓ To explain the meaning of personnel management as a part of resource management;
- ✓ To discuss the philosophy and objectives of the personnel management in nursing practice.
- ✓ To describe the scope of personnel management in an organization and identify the key.
- ✓ To factors for success in personnel management; and
- ✓ To list down the main functions of the personnel management and discuss the activities.
- ✓ To performed by a personnel manager in relation to resource management.

STRUCTURE OF THE LESSON :

3.1 INTRODUCTION :

The general management with its wide range of responsibilities likes material management. Manpower management, financial management, etc., should give its maximum attention on the human resources which requires utmost care. Personnel require welfare sources, staff development programmes, career progress and such type of many more needs which increase their efficiency to bring best results to organization. The organizational performance and effectiveness depend on the behaviour, performance: activities of its people. People are to be managed, developed and treated as an asset for the welfare of the organization. These people or in other words manpower or human resources are the 'personnel' with whom the management is expected to maintain cordial relations. Personnel in other words. A group of people collie together to accomplish certain tasks to achieve certain goals through their efforts and these efforts are facilitated by any agency or an organization which we call as 'personnel management'. In this unit you will come to know meaning, scope of personal management and characteristics, functions of personal management. At the end you will identify the responsibilities of Personal Manager.

3.2 EVOLUTION OF PERSONNEL MANAGEMENT :

Management is a process whereby various resources are integrated into a total system for objective accomplishment. It tries to bring about co-ordinated efforts of manyindividuals or many groups to achieve specified goal.

Management is a 'System of Authority', a legal right to command or direct others to act in a prescribed manner. Qualified and trained personnel selected as managers manage the organization.

Management process is guided by definite objectives; performance of organized activities; maintenance of certain definite relationships (human, etc.). Management process involvesdecisions to get the tasks done through resources. These decisions are the policies whichhelp the organization and the personnel work smoothly towards achievement of organizational goals.

The word 'personnel' in an organization is used as a synonym to 'manpower' or people. Megginson defined 'Manpower' as the total knowledge, skills, creative abilities, talentsand aptitudes of an organization's work force as well as the value, attitude and beliefs ofthe individuals involved.

Manpower management includes planning, selection, training and development of human resources of the orga1 1iz:ation. Personnel management is the management of manpower.

This deals with planning, organizing, directing and controlling the personnel functions of the organization. It is a major part of the managerial process. A personnel department facilitates personnel management.

To form an organization there is a need for more people. These people should be suitable to accomplish the tasks specified to achieve the organizational objectives. The personnelmanagement as a major sub-system or an expanded area of the organization is concerned with the recruitment, selection, development, utilization and motivation of manpower towards the success of the organization. To make the tasks easy, personnel departments are established whose managers are entrusted with the responsibilities of managing the problems of the personnel employed in that department.

Personnel Management is people-centered and its objective is the maintenance of better human relations in. the organization by development, application and evaluation of personnel policies, procedures and programmes relating to the individuals in the organization to optimize the contribution towards organizational objectives.

Its aim is to make the best use of the human resources for which it includes the recruitment of right kind of people according to jobs, their training and development to do the work, their welfare to maintain their morale and incentives to boost their interest in order to reach the ultimate objectives of the organization.

It puts efforts to retain the competent staff, their interest to work which is the most difficult task. All the tasks of personnel management are usually entrusted to a department known as personnel department.

The term personnel management is also used as 'manpower management', includingindustrial relation, labour relation, personnel administration etc. Altogether it conveys themeaning that it is concerned with maintaining asatisfactory human resources who obtain maximum satisfaction out of their work to achieve best results in the organization.

Personnel management deals with the effective control and use of manpower or human resources and it is concerned with the procurement and maintenance of a satisfactory and satisfied manpower (personnel).

During 19th century, when industrialization grew, manpower or workforce termed aslabour was not shown any consideration or importance and the employees were treated as , products or commodity. Without any consideration, at any time they could be hired and fired. The problems and development of those labourers in industries were not taken care of. T'here was no one called as Labour Welfare Officer.

It is the 'industrial revolution' which brought changes in advancement in science and technology and also changes in manpower. There was a change in the ways of dealing with human beings and their development started receiving due importance. The human relations started considering the powers and abilities of human beings. Labour word was replaced by 'manpower' which meant that the power of human beings was the influencing factor in running the organization and there came a realization that without manpower, there is no organization. 'Man' seemed to be potential sources of having powers (physical, intellectual etc.).

Manpower became significant in industries. Since manpower is made up of people or. 'persons' gradually the word 'personnel' came into practice. The concept of human welfare was originated in industries with a belief that the human beings work and their interest in work has direct impact on productivity. In order to increase the efficiency of human beings, welfare becomes of maximum concern with whose efforts. there is a scope for best results in industries.

Human relations and humanwelfare etc. created a separate officer as 'welfare officer' who was assigned the duties of labour welfare management, as a development for giving importance to 'individual'.

New classical theory, the 'Behavioural Approach' came into light in 1920s with an emphasis on 'group philosophy' and social attitudes instead of only on individual. This group concept and group related matters are already studied by you in other courses as'group dynamics' and 'human relations' etc.

The significance of this approach is seen in other units such as communication, leadership, supervision etc. The concepts of 'resource management' are also derived from the above approach, management of resources with behavioral approach. One of the resources, 'human' or 'personnel' is managed in the organizations with the new concepts of acquiring maximum satisfaction by those people who work for and in the organization using new techniques and tools of 'personnel management'.

Classical theory is job-oriented approach whereas behavioral theory is personnel oremployee-oriented. The behavioral approach derived from behavioral sciences emphasizes on human relations which applies a systematic, objective understanding of the human element in the management. Behavioral approach is appreciated more than 'classical' as it helps in developing satisfactory and favorable working conditions and it has also led to application of new concepts such as open communication, participative supervision, job satisfaction and job enrichment, informal leadership, motivation, group dynamics etc. This approach is utilized in developing managers and administrators which encourages interpersonal relations arnong the people working together. More emphasis islaid on the 'individual' instead of machine or only on production. The individual is considered as a social animal and importance is given to his attitudes, morale, satisfactionand development. The personnel management, based on 'human relations perspective' takes care of the following aspects as a socio-psychological approach to management. The existence and the development of people in organizations depend on the complex interpersonal and social relations between different human beings.

The management which considers the people as important members of the organization believes in socio-psychological approach through which the human beings or the personnel, their needs receive utmost care and concern. The following section describesthe meaning of this type of management in organization.

3.3 MEANING AND DEFINITIONS OF PERSONNEL MANAGEMENT :

Personnel management is defined in many ways by several writers. To understand its .meaning it can be simplified as: Personnel' means the body of persons engaged in any service and 'Management' applies to 'application of skills'. Walter D. Son defined personnel management as that activity in an enterprise which strives to mould human resources into an effective organization, provides opportunity for maximum individual contribution under desirable working conditions, promotes individual development and encourages mutual confidence and understanding between employees and the employer as well as among employees themselves.

The definition adopted by Indian Institute of Personnel Management at the end of Second World War was - Personnel Management is that part of the management function which is primarily concerned with the human relationships with the organization. Its objective is the maintenance of those relationships on a basis which, by consideration of the well-being of the individual.

With the growth and development in the country and other places the above definition was modified in 1963 in the following way: Personnel Management is a responsibility of all those employed as specialists, who manage people as well as the work of those who are employed. It is that part of management which is concerned with people at work and with their relationships withinan enterprise.

It applies not only to industry and commerce but to all fields of employments. You are already familiar with the functions of administration and management, as you have learnt some elements of administration in other related course.

With the help of those general functions personnel management is also defined by Edwin B.Flippo as the planning, organizing, directing and controlling of the procurement, development, compensation, integration and maintenance of people for the purpose of contributing to organizational goals.

Personnel management is an important part of the management process which is primarily concerned with the human constituents of an organization and the methods adopted are focused on the development of the potentialities of employees for the success of the organization. The personnel get maximum satisfaction out of their work and put efforts for the improvement of organization.

It is purely people or personnel-centered management and its main objective is effective utilization of human resources. It is an instrument to attain the established objectives of the organization.

It is described as a process of planning, organizing, team building, executive action and controlling - the personnel with a view to attain maximum efficiency and to get best results.

Personnel management even though is not clearly distinguished as a separate entity in hospitals or in the respective departments, e.g. nursing, medical, technical, etc., are made responsible for managing the staff of their respective departments. There is no post designated as labour 'Welfare Officer' as in industries but the heads of the departments with the help of their line staff perform the activities of 'personnel management'. A personnel department is available in some big hospitals which is delegated the authority for manpower selection and recruitment. But even then the managerial heads are also made responsible for the same activities.

3.4 SCOPE OF PERSONNEL MANAGEMENT :

Personnel management is the expansion of general management which shoulders the total responsibility of human resources of the organization. The above definitions emphasize on important areas which personnel management is interested to include in its scope. In a nut shell personnel management as a management process includes planning, organizing, coordinating, controlling and evaluation of the personnel. At the same time it is concerned with the welfare, development and human relations of its manpower or human resources. Since it deals with manpower it takes care of

- ✓ Staffing - selection, recruitment and retention.
- ✓ Training and development.
- ✓ Economic resources - wages and salaries.
- ✓ Motivation for staff development - for personnel and organizational growth.
- ✓ Creating favorable working conditions - for personnel welfare and, development.
- ✓ Human relations - respect to individuality and welfare of the individual.
- ✓ Communication processes - both formal and Informal.

The scope is wide and in larger organizations the executives or managers cannot carry out all the functions of personnel management. Hence to make the responsibilities easy, personnel departments with 'personnel managers' as heads or supervisors are established.

The responsibilities are delegated to some extent to personnel 'departments but on the whole, the responsibility lies with the Managers Directors of Personnel Management. Personnel department is entrusted with special functions such as developing procedures. For employment for particular jobs, e.g. Personnel department is a part or a helping structure or device of the personnel management.

3.5 PHILOSOPHY AND OBJECTIVES OF PERSONNEL MANAGEMENT :

The philosophy and objectives of personnel management are based on: Organization is a social system but not 'techno-economic'. Human being's social and job satisfaction lead to quality and efficiency of work A human-being is a social animal and his behaviour is influenced by groups around him as he cannot be isolated from the group.

Human beings or people working are part of the organization and they are capable - self direction, control and development.

Their participation as a style of leadership and management helps for the survival and growth of the organization.

The motivational factors not only depend on the economic gains or incentives but largely on the social and psychological satisfaction. Job satisfaction by meeting the above needs is considered to be a highly motivating factor.

Personnel 'management in other words :

1) Is a method of managing human resources (people).
2) It works with the help of humanistic behaviour or human relations.
3) Its management is personnel (people)-centered.
4) It is a method or adopts methods for developing the potentialities of employees or personnel for achieving the best results in the organization.
5) It is concerned with all the matters related to employment, employees' welfare, personnel satisfaction and morale, motivation as it believes that motivated, satisfied employees with high morale would help the organization with their interests to achieve organizational goals.
6) Lt is a process of planning organizing, controlling and creating team building (group philosophy) in the personnel with a view to get the best results.

3.6 OBJECTIVES OF PERSONNEL MANAGEMENT :

As the term indicates that it is concerned with the personnel, their interests, their motivation, welfare, morale, satisfaction and development etc., its objectives are mainlydirected to personnel or people keeping in mind that without personnel's efforts, the organization cannot achieve its goals successful&. Its aim is not only having the personnel in required number, but also to see that they areproperly utilized and retained in the organization.

The objectives of personnel management are to :

1. Obtain useful and competent workers.
2. Motivate and help the personnel for their maximum contribution to the personnel department organization.
3. Establish a conducive, favourable atmosphere and relationship between employeesand employers.
4. Help the workers to work smoothly with utmost job satisfaction.
5. Develop the potentialities of its employees to acquire maximum satisfaction from the work they are expected to do by providing adequate opportunities to exercise their rights and freed on for development.

3.7 CHARACTERISTICS OF SOUND PERSONNEL MANAGEMENT :

Key Factors for Success It should have : Right people on right job

Adequate and appropriate training programmes for new employees and for staff development.

Sound policies and procedures for procurement, development, compensation, integration and maintenance of personnel (planning, recruitment, placement, development, remunerations, maintaining interest of the employees matching with organizational objectives).

- ✓ Favourable and conducive working conditions.
- ✓ Labour welfare services and grievance procedures.
- ✓ Appreciation and recognition at work.
- ✓ Incentives and awards to employees (due appreciation to work).
- ✓ Proper communication system between employer and employees.
- ✓ Participative supervision and guidance (you will be reading about this in another unit of this course)/participative management.
- ✓ Democratic style of leadership.
- ✓ Competent and fair leadership.
- ✓ Personnel working with maximum satisfaction, interest and high morale.
- ✓ Maintenance of sound social and physical health of employees.
- ✓ Low turn -over rate and absenteeism among employees.
- ✓ Appropriate recording and reporting system.
- ✓ Opportunities for employees for giving their suggestions/opinions (allowing freedom to express views).
- ✓ Perfect match between individual goals and organization goals.
- ✓ Social security scheme available for employees future (post retirement benefits etc.)
- ✓ Personnel management sees for better results with a co-operatian and collaboration of people.

To accomplish this it is mainly concerned with :

(1) Procedures of recruitment, selection and placement of personnel

(2) Terms and conditions of employment;

(3) Remunerations

(4) Working conditions and

(5) Maintenance of staff morale, motivation and other aspects related to personnel and their welfare and development.

3.8 FUNCTIONS OF PERSONNEL MANAGEMENT :

It involves both management as well as operative functions :

Managing Functions

1) Planning
2) Organizing
3) Directing
4) Controlling

Operative functions

1) Procurement
2) Development

The management functions of administration are already known to you. The operative functions of Personnel Management involve selection, recruitment and placement of right kind of personnel in right places to accomplish organizational objectives.

The procurement of personnel is a difficult job for which it covers calling for applications, scrutinizing the applications, conducting necessary interviews and inducting the rightpersonnel.

Personnel development and welfare are other important components in operative functions which are essential for the success of the organization. The knowledge and skills are to be refreshed and updated according to the changing scenario in terms of technology and changed tasks.

The personnel need adequate and proper remunerations as compensation. In the planning stage itself the wages or salaries and the increments rewards are to be decided upon. In other words the economic compensation should be worked out and written in detail about wage policies, systems and rewards as per the job evaluations.

Psychological satisfaction and maintenance of interest etc. are also part of the compensation which needs to be taken care of by the personnel management.

Personnel management has other important challenging functions such as integration and maintenance of staff. Their welfare is of great concern to the organization which includes physical facilities, health and safety measures and boosting their morale and interest to have positive attitude towards the organization and organizational objectives.

3.9 MAIN ACTIVITIES OF PERSONNEL MANAGEMENT :

1) Recruitment of right personnel for the kind of jobs
2) Placement of employees
3) Developing and conducting induction training and orientation programmes
4) Developing job descriptions
5) Developing and implementing the procedures of job analysis and job evaluations
6) Planning and arranging for staff development training programmes
7) Identifying the potentialities in personnel and assigning jobs for maximum outputs
8) Organizing and arranging staff welfare programmes and facilities
9) Ensuring adequate human relations and human contacts between employees and employers
10) Encouraging co-operation among workers and seeing to the smooth functioning of the organization
11) Developing the potentialities of each and every individual
12) Taking responsibility for protecting and maintaining physical, social and emotional health of the individual
13) Creating and maintaining a high level of interest and morale among employees.

All these activities reveal that the Personnel Management has a responsibility and concern with procurement, placement, training and development, maintenance of the personnel of an organization to work with their maximum satisfaction with efficiency and economy to accomplish the organizational goals to achieve the best results.

It has also some other important functions for the smooth functioning of the organization. Some of them are :

1) Arranges welfare services : It not only takes responsibilities for the physical healthof the personnel but also arranges social well being services of the employees such as pension schemes, provident funds, group insurance scheme, loan facilities etc.

2) Maintains records which help to obtain the statistical figures in relation toemployees development, turn over, absenteeism, etc. These records act as guide for future planning and development.

3) Plans and provides safe and favourable working conditions to work smoothlyand satisfactorily to achieve maximum results.

4) Establishes sound policies according to the abilities and competencies of the personnel for promotions.

5) Keeps in touch with the day to day changes in the society and tries to meet the economic, social and psychological needs of the personnel and develops pay rolls with due consideration to organization goals.

6) Tries to conduct research by identifying personnel areas to bring changes for improvement in the personnel, functioning, policies as well as in the organization.

7) It maintains labour relations by resolving conflicts through collective bargaining and settles the disputes favorably and looks after the grievances of the personnel with a view to solve the problems.

3.10 RESPONSIBILITIES OF PERSONNEL MANAGER :

He / She is authorized to exercise authority and leadership over other personnel. His / Her functions are managerial but not operative. An operative cannot exercise authority over others but performs specific tasks or duties under managerial supervision. In other words a personnel manager is expected to perform basic functions of management.

They are to :

a) maintain effective communication and co-ordination throughout organization.

b) advise and assist the subordinates in solving personnel problems.

c) formulate, implement and evaluate the personnel policies of the organization with the help of other managers.

d) Plan and implement the personnel welfare services. Introduction to Personnel Management.

e) monitor the personnel activities by direct supervision and delegation of responsibility to concerned authorities.

The personnel manager is also a part of staff who assists the line managers (the managers of sub units) to supply adequate number of personnel and helps them in relation to staff training and development.

This unit has tried to briefly introduce the 'Concepts and Functions of Personnel Management. The other following units describe and discuss about main functions of this management such as Manpower Planning and Staff Development, Budgeting etc.

Personnel management is smoothly come out with the help of decision-making processes which are otherwise known, as personnel policies. The next unit explains in detail aboutpersonnel policies which are important tools of personnel/resource management.

3.11 SUMMARY :

Personnel management is an expansion of general management which aims at maintaining the human relations, group building, human welfare and development ofpersonnel working in organizations. The concept was initiated in industries where theindividuals welfare and interest received maximum importance for the growth of the organization. Personnel management performs its tasks through a personnel department which is entrusted with the responsibilities of dealing with all the matters concerned and related to human resources of the organization.

Personnel manager appointed by the management performs managerial functions with the help of line staff. He is responsible to look after the activities related to all personnel at all levels to the highest possible degree for their welfare and development.The management as it is concerned with manpower obtaining and retaining them in appropriate places, it performs both managerial as well as operative functions such as planning, organizing, team building, executive action and controlling the personnel to achieve maximum efficiency to get the best results.

3.12 KEY WORDS :

Management : It is the process whereby various resources are integrated into a total system for objective accomplishment.

Personnel Management : It is people-centered and its objective is the maintenance of better human relations in. the organization by development, application and evaluation of personnel policies, procedures and programmes relating to the individuals in the organization to optimize the contribution towards organizational objectives.

3.13 SELF ASSESSMENT QUESTIONS :

1. Explain the Philosophy and objectives of Personnel Management.
2. Discuss the scope of Personnel Management.

3. Describe the Functions of Personnel management.
4. List out the functions of Personnel Management.

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LESSON – 4

INTRODUCTION TO HUMAN RESOURCE PLANNING

LEARNING OBJECTIVES :

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

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

STRUCTURE OF THE LESSON :

4.1 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 :

1. The need of HRP may arise because of the following reasons :
2. 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.
3. 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.
4. 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.
5. 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.
6. Human Resource Planning is required to meet the requirements of diversification and growth of a company.
7. 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.

4.2 IMPORTANCE OF HUMAN RESOURCE PLANNING :

a) It gives the company the right kind of workforce at the right time frame and in right figures.

b) 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.

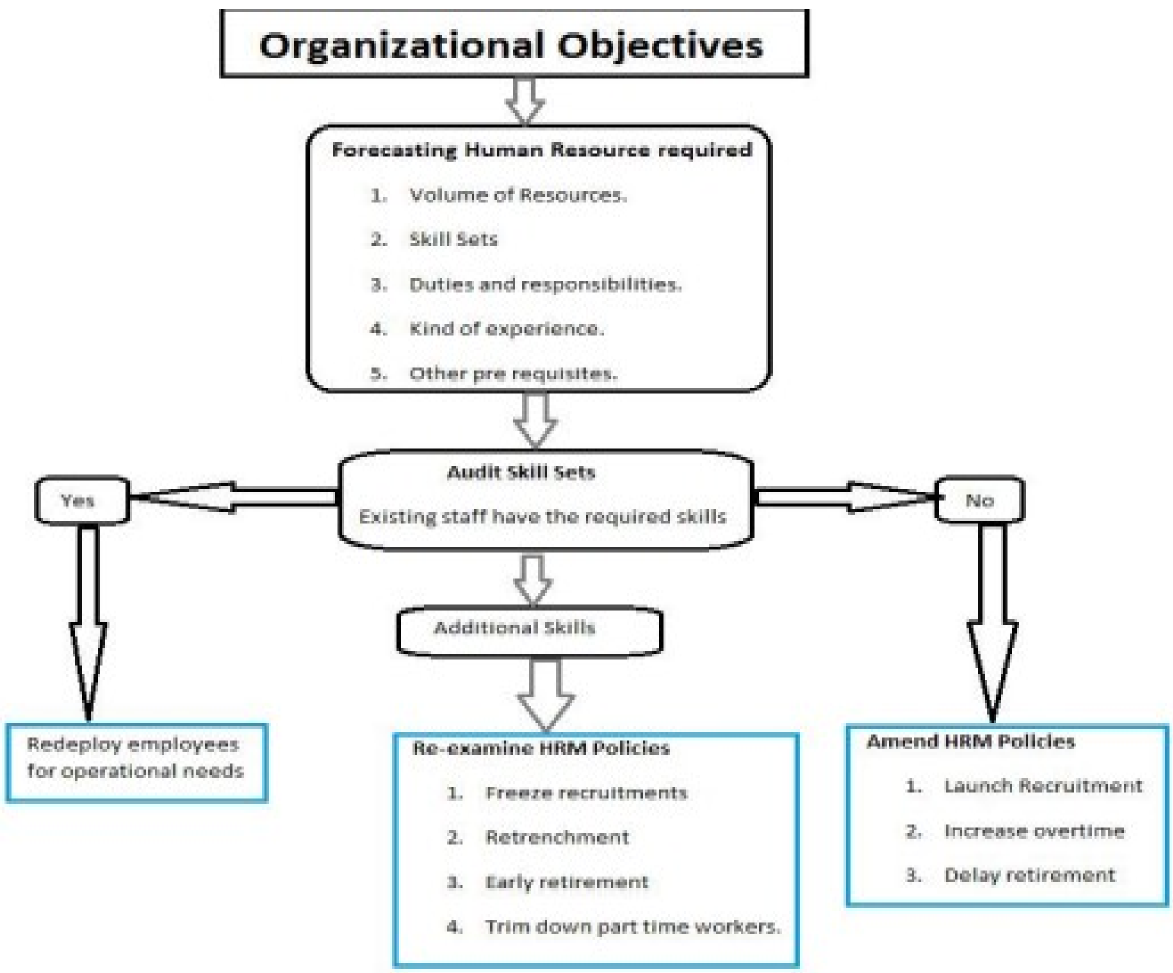
c) Cautiously forecasting the future helps to supervise manpower in a better way, thus pitfalls can be avoided.

d) It helps the organization to develop a succession plan for all its employees. In this way, it creates a way for internal promotions.

e) It compels the organization to evaluate the weaknesses and strengths of personnel there by making the management to take remedial measures.

f) The organization as a whole is benefited when it comes to increase in productivity, profit, skills, etc., thus giving an edge over its competitors.

4.3 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.

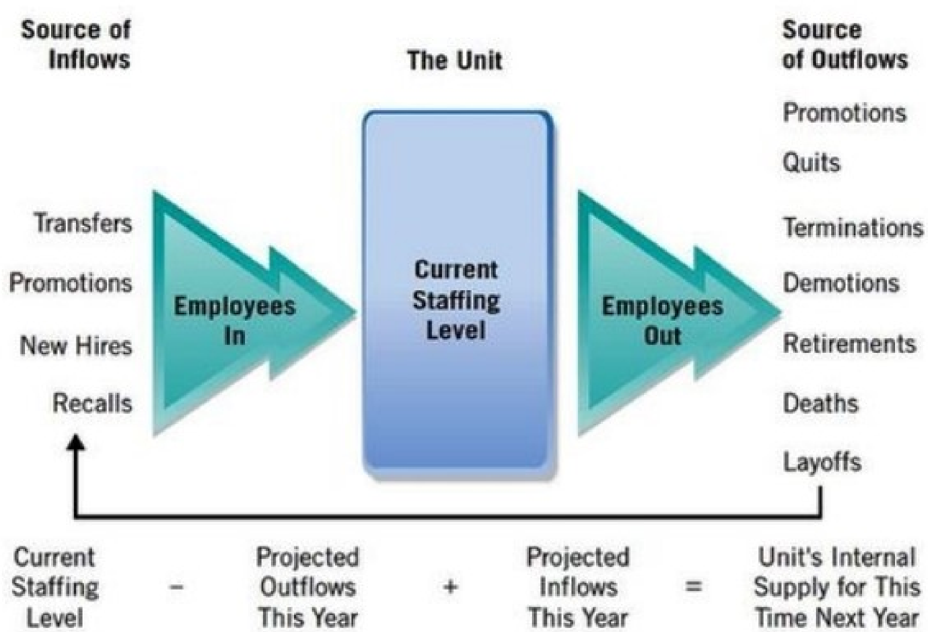
External supply of human resource depends on some factors mentioned below.

1. Supply and demand of jobs.
2. Literacy rate of nation.
3. Rate of population.
4. Industry and expected growth rate and levels.
5. Technological development.
6. Compensation system based on education, experience, skill and age.
7. 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.

4.4 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:

4.4.1 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 numbers 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.

4.4.2 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.

4.4.3 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.

4.5 QUANTITATIVE ASPECTS OF HUMAN RESOURCE PLANNING :

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

4.5.1 Demand forecasting :

To 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 $E_n = [(Lagg+G)1 / X] / Y$
   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* 2= 800000hours.
   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*20%= 40. 200+40=240 workers are required in a year.

4.5.2 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.

4.6 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.

4.7 REQUISITES FOR SUCCESSFUL HRP :

1. Human resource planning should be integrated into corporate planning.
2. Top management's support is crucial
3. There should be some centralization of HRP responsibilities to ensure coordination between the different levels of management.
4. Organizational records need to be accessible, complete, and up to date.
5. HR planning should be performed using methods that are most appropriate for the data available and the level of accuracy required.
6. The data collection, analysis, planning techniques and the plans themselves must be continually revised and improved based on experience.

Barriers to Human Resource Planning (HRP) :

When formulating an HRP, Human Resource Planners face significant challenges.

Following are some of the key obstacles :

HR practitioners are believed to be experts in personnel matters, but people do not perceive them to be experts in business issues. HR practitioners should formulate a personnel plan that integrates with the organizational plan to ensure that the overall strategic plan of the organization is effective.

HR information is often incompatible with other information used in strategy formulation. Financial forecasting has long dominated strategic planning efforts, often to the exclusion of other types of information. Human resource planning takes a back seat to financial forecasting.

There may be conflicts between short-term and long-term HR needs. As an example, there can be a conflict between the pressure to get the work done on time and long-term needs, such as preparing people to assume more responsibility. It is widely believed that managers can meet HR needs immediately if wages and salaries are competitive since skills are available on the market. Therefore, short-term planning is not necessary since skills are available on the market.

There are conflicting approaches to HRP, both quantitative and qualitative. HRP is seen by some as a number game involving tracking the flow of people within a department. There are also organizations that take a qualitative approach and focus on individual employee concerns including promotion and career advancement. A balance between quantitative and qualitative approaches is needed to achieve the best results.

Human resource planning is rendered ineffective if operating managers are not involved. HRP is not solely the responsibility of HR departments. HR staff and operating managers must coordinate their efforts in order for planning to be successful.

4.8 PROBLEMS OF HRP :

1. People perceive that people are available in abundance in our labour surplus economy. Then, why to spend time and money in forecasting human resources? Surprisingly, this perception about human resource planning is also held by the top management.
2. Another problem in human resource planning is that the demand for and supply of human resources is not cent percent accurate. Experience suggests that longer the time horizon for forecasting human resource requirements, greater is the possibility of inaccuracy in estimates of human resource needs.
3. Various types of uncertainties like labour turnover, absenteeism, seasonal employment, market fluctuations and changes in technology render human resource planning ineffective. The reason being these uncertainties, make human resource forecast mere a guess far from reality.
4. Sometimes human resource planning suffers from a conflict between quantitative and qualitative approaches used for it. Some people view human resource planning as a mere numbers game to track the flow of people across the departments and in and out of the organisation. Conversely, others take a qualitative approach focusing on the quality of human resources like career planning development, skill, morale, etc.
5. Generally, human resource personnel are perceived as experts in handling personnel matters. But, they are not experts more than often. Hence, human resource requirements estimated by such people are not realistic ones. The organisational plans based on such estimates are endangered to be flopped.

6. As human resource planning is based on data relating to human resources, the same is not maintained in a proper manner in some of the industrial organisations. Then, in the absence of reliable data, it becomes difficult to develop effective human resource plans.

4.9 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 is 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.

4.10 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.

4.11 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.

4.12 SUGGESTED READINGS :

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Dr. Nagaraju Battu

LESSON – 5

JOB ANALYSIS

LEARNING OBJECTIVES :

- ✓ To know the Concept of skill forecasting
- ✓ To Understand the Job analysis
- ✓ To Prescribe the Job description
- ✓ To Identify Job specification

STRUCTURE OF THE LESSON :

5.1 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.

5.1.1 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.

5.1.2 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.

5.1.3 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.

5.1.4 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.

5.1.5 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.

5.2 IMPROVING FORECASTING SKILL :

1. Bristow suggests the following points to help you improve your forecasting skills.
2. Work out the exact timings of when fixed costs and payments, such as rent, are made
3. 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
4. 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

5. Be conservative with your forecast. You want to show banks and investors that you have looked and accounted for worst possible scenarios
6. Direct debits can be a good measure to put in place, as you know exactly when you will be receiving payment
7. 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.

5.2.1 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.

5.2.2 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.

5.2.3 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.

5.2.4 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.

5.3 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.

5.3.1 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?

5.3.2 Advantages of the Job Analysis :

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

5.3.4 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.

5.4 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 :

1. Job title and grade.
2. To whom one has to report.
3. What authority one has.
4. Definition of those for whom one has responsible.
5. The main objectives.
6. Key responsibilities and tasks.
7. Reporting methods and requirements.
8. The job of a production manager is to set and maintain high standard of product quality and
9. reliability. The marketing manager is concerned sales. The job of a foreman is to maintain
10. production and supervision the production staff under his control.

Advantages of job description :

1. Job description forms the basis to identify the job specification.
2. It motivates the potential candidates to apply for the job at the time of advertisement.
3. This helps to evaluate or assess the performance of the employees.
4. It is a valuable tool for designing employee training program.
5. Direction implies the orders and also showing the employees how to execute these job orders.
6. This job requires management skills apart from technical skills.

5.5 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.

5.5.1 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 niches 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 behavior 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.

5.5.2 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 used job specification as a benchmark to evaluate employees and give them required trainings
5. It also helps companies during performance appraisal and promotions.

5.5.3 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 is any.

5.6 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.

5.7 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.

5.8 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?

5.9 FURTHER READINGS :

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LESSON – 6
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 OF THE LESSON :

6.1 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."

"Recruitment is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force". -Dale Yoder "Recruitment means attracting candidates, which is primarily a matter of identifying, evaluating and using most appropriate source of applicants". -Michael Armstrong All the definitions are clear that recruitment means pooling of candidates. All of them also mention the recruitment is attracting the candidates or making them apply for jobs in the organisation. The meaning of recruitment is shown in Figure 4.2. While Flippo's definition gives the crux of recruitment, Armstrong's definition talks about identification of most appropriate source of applicants. On the sources, we will dwell at length in the coming sections. Close look at Dale Yoder's definition yields that recruitment is a process of applying effective measures for attracting adequate manpower to facilitate selection. Thus it is effectively distinguishing the difference between recruitment and selection.

Figure 4.2 Recruitment Meaning

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.

6.2 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.

6.3 SOURCES OF RECRUITMENT :

The sources of recruitment are of two types :

1. Internal source
2. External source

6.4 INTERNAL SOURCES :

Best employees can be found within the organization. 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.

6.4.1 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

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

Inspite 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.

6.5 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.

6.5.1 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, semiskilled, 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 semiskilled workers in brick klin 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.

6.5.2 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.

6.5.3 Demerits of External Sources :

1. Demoralization :

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.

6.6 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.

6.7 FACTORS AFFECTING RECRUITMENT :

There are many factors affecting recruitment. Some are internal and some are external. These factors play an important role in the success of a recruitment program. Size of the Organisation: People prefer to work in large organisations as they feel that large organisations can withstand economic pressures and assure job security when compared to small organisations. As such large organisations will not have any problems in recruitment but small organisations may face difficulties. They may not be able to attract applicants in large numbers. There is another view. Some employees may prefer to work in small organisations as they feel they will get their due recognition in small companies rather than big ones. Promotional avenues are another aspect. Large organisations will have multiple layers of management levels and people may feel that it would be easy to reach to the top in a smaller organisation. Recruitment process also differs with the size of the organisation. The process may be a simple one for a small organisation involving one or two people, but it may be an elaborate one for big organisations involving many people and many tiers of selection process. Some people may prefer the former. As a whole, the size of the organisation matters as we find large organisations attract more people and reach can touch wider geographical areas.

Image of the Organisation – Organisations with good PR (Public Relations) will attract more applicants. Employees would like to be associated with companies which provide public services, discharge their social responsibility, involved in philanthropic activities etc., as their own image in their circles also will go up. Good image of an organisation helps increasing its standing in the market so that it can attract the best resources.

Image of the job :

Actually, its nature of a Job. It is not an internal factor but a general one but included here so that it may help HR professionals to give appropriate job titles. Image of the job plays some role. For instance, recruitment for a "PRO (Public Relations Officer)" may attract more applicants, whereas "Officer Accounts Receivable" may get fewer number of applications. Jobs with a positive image in terms of pay, perquisites, promotional opportunities etc., will attract more applicants.

Growth rate of Organisation :

Organisations with high growth will have more jobs, whereas organisations with less growth rate may go for recruitment only in cases of retirements and replacements. Consequently, the recruiters of small or nil growth organisations find it difficult to fill vacancies as they approach the market once in a while. HR departments of high growth organisations will be tapping the market constantly and they may get more applicants for vacancies within no time. They will also have advantage of huge databases (which may include applicants who were not considered earlier for various reasons and it's easy to establish contact again).

Pay Structure :

It is a demand and supply equation. Higher pay will always attract best talent but dent organisation's pockets. Lower pay may not get any applications at all. So organisations need to strike a balance between the two extremes. The pay needs to be in the appropriate range of what same KSAs get paid in the market.

Working Conditions :

It has many aspects associated with. Good physical conditions including ergonomics, will attract more applicants. Work stations having ample ventilation and space, air conditioning, Tea/Coffee dispenser, discussion rooms with paintings – all these would naturally attract when compared to dungeon type structures. Internal support from other divisions, particularly from HR Department and ease of doing the things are preferred. (If you have to fill a Form with 10 to 15 rows for a simple casual leave, you would rather prefer to work in an organisation where a simple SMS serves the purpose). Image of taking care of the well-being of employees plays a key role. Professional organisations are preferred when compared to organisations where internal politics and groupism prevail. Though all these are internal ones, prospective employees would be making inquiries and will be coming to know. Apart from this, over the years, these aspects will create an image good or bad. Costs: Recruitments incur costs. Job agencies will charge for their services. Apart from direct costs, overhead costs will be there. This apart, time and energy of all personnel involved in the process is another factor. Planned and multiple job recruitments at a time would reduce the costs. Recruiting policy of the organisation: Some organisations have the policy of recruiting from internal recruitments (promoting the existing employees). Some organisations have a policy of recruiting part-time and temporary workers. All these policies have their own merits and demerits but nevertheless have an impact on recruitments.

HRP and HRIS :

Organisations with a definite HR plan would be going for periodical recruitments. Databases of HRIS would also help in reducing the time of recruitment. Age of organisation: People generally prefer to work in established companies than startups. Location: Availability of public transport to the location of organisation is one factor. Not all people will have their own vehicles and even they have, they may still prefer to use public transport for various reasons. Compared to small towns and villages, big cities will attract applicants from other parts of the country as they will have educational facilities (for self and children), chances for spouse also getting a job, recreational avenues and other attractions. Offices located in clusters will attract more job applicants. Organisations in remote locations may have to spend to create some minimum basic facilities like canteen/food courts, Wi-Fi zones etc., External Factors: External factors which affect recruitment.

Supply and Demand :

Related to specific skills, supply and demand is a key external factor. Position varies from skill to skill. Recruitment efforts and pay packages would be dependent on this factor. It is easier to recruit an engineer when compared to a top-notch financial analyst. Similarly, software professionals with particular skill sets may be in demand for a certain time. The type of industry and the state of the economy have a direct bearing on demand and supply.

Industry :

The trends of the industry/sector in which the organisation is operating will have a bearing on recruitment. For instance, during boom time, it used to be difficult for airline companies to recruit pilots and many airlines had to recruit them from foreign countries. And the same companies had to retrench many pilots when the scene got reversed. Similar features were faced by telecom and software companies predominantly with the changes in the technologies.

Labour Market :

This is one of the factors for low-key jobs. It would be area-specific. Here also one can find a paradox i.e., some skills have more demand and some skills with less demand. Inflows of the migrant workers tilt the balance

Socio-Economic Factors :

Factors like changing education level and general preferences etc., are the social economic factors which have an impact on recruitment. Legal Factors: In India, there are many acts of Central and State Governments and these will impose many a condition in terms of wages, working conditions, health etc., Factories Act, Industrial Disputes Act, Contract Labour (Regulation and Abolition Act), Mines Act, Minimum Wages Act, Inter State Migrant Workmen Act etc., deal with one or other aspects of wages, working conditions etc., As per the Apprentices Act 1961 every employer has to provide training to apprentices. As per Employment Exchange (Compulsory notification of vacancies) Act 1959, employers have to notify vacancies to local employment exchanges. Though some of the statutes are losing their relevance, all these have a bearing on recruitment.

Employment Rate :

If the unemployment is more, recruitment would be easier. This has a direct relation with general economy.

Government Policies :

In Government and Public Sector enterprises, reservations are there for Scheduled Castes, Scheduled Tribes, and Backward Castes. There were attempts to increase these percentages based on political compulsions, but the same was capped by Supreme Court and other Courts. Though it did not materialise, there were also attempts made to extend the same to the private sector.

Political Conditions :

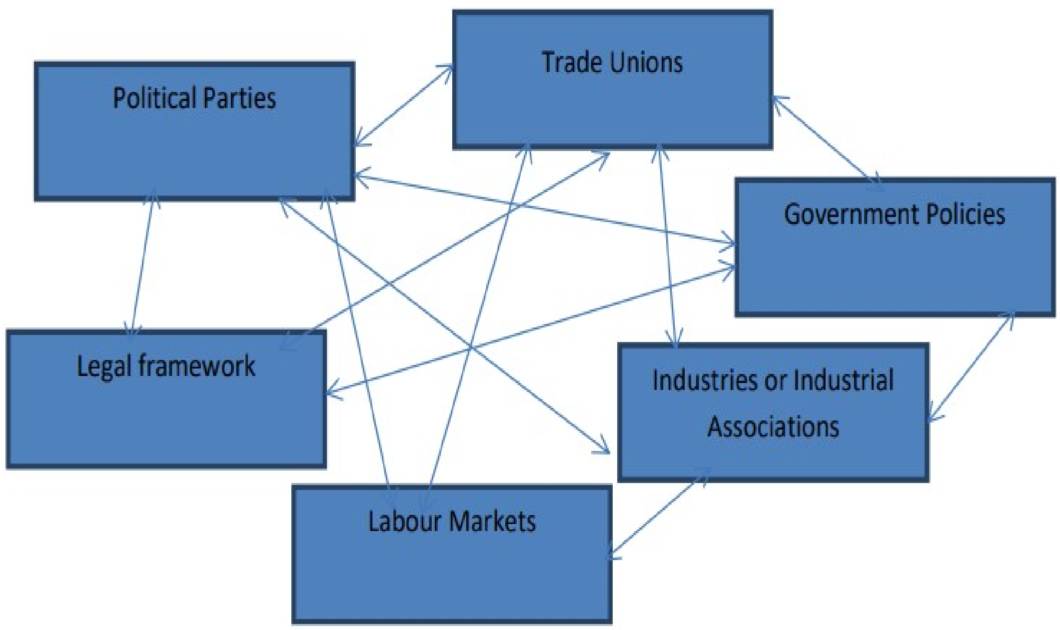
'Sons of the soil' slogan is one of the favourites of many political parties.

Trade Unions :

Dominant trade unions are one of the factors of considerable importance. They usually come with demands of internal recruitment only (barring outsiders so that existing employees promotion chances will improve), Compensatory recruitments (providing jobs to the kith and kin of deceased employees), and Hereditary recruitments (reserving jobs to sons or daughters of existing employees).

Competitors :

Recruitment policies of the competitors influence organisation's policies. Many a time, it could result in matching compensation and other benefits offered by competitors. Some of the external factors are interlinked.



Inter linkages among external factors which affect recruitment

Trade Unions will have affiliations to Political parties. They have constant relationship with labour. Again Political parties have relations with labour / labour leaders. These parties, whether they are in power or not, still may influence the Government policies. The legal framework can be influenced by the Government, different political parties, and trade unions. Industrial associations will have relations with political parties. They have also relations with Governments as Governments require their help in increasing trade and commerce. Similarly, industrial associations also have relations with labour leaders and trade unions. Apart from the external factors per se, the inter linkages among them also will affect recruitment.

6.8 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.

6.9 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.

6.10 SELF ASSESSMENT QUESTIONS :

1. Briefly Explain Sources of Recruitment Centre for Distance Education 9.8 Acharya Nagarjuna University
2. Explain the Advantages and disadvantages of Recruitment
3. Discuss the Methods and Merits of External Source of Recruitment

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LESSON - 7
SELECTION

LEARNING OBJECTIVES :

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

STRUCTURE OF THE LESSON :

7.1 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."

7.2 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.

7.3 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 polices 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 increasing 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 suppose to be different than what he really is. His personality assets 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 checkups 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.

7.4 TYPES OF TESTS :

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

7.4.1 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

7.4.2 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 :

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.

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.

7.5 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.

7.6 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.

7.7 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.

7.8 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.

7.9 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.

7.10 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 - 8

I N T E R V I E W

LEARNING OBJECTIVES :

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

STRUCTURE OF THE LESSON :

8.1 INTRODUCTION :

`The interview is the heart of the employment process. Interviewing is considered to be the most useful selection method. The interview is a conversation with a purpose. According to juices Michael, "An interview is a face to face, oral observational and personal appraisal method." Its aim is to provide the candidate with information about the job and the company and also to give the candidate a favourable impression of the company

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 organization 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. There are three purposes that may be served – obtaining information, giving information, and motivation. It is widely used not only in employee selection but for placement, orientation, appraisal, disciplinary action exit or separation, counselling and general problem-solving. The final selection is party based on the performance of the candidate in different test and party on his performance in the final interview.

The candidate has to appear before the interviewer or a group of interviewers. The candidate's overall personality is judged in the interview. But it has been criticized because of the scope for bias.

In general term, interview is a conversation with purpose and depending on the objectives of interview, it can be of different types — post performance appraisal interview, exit interview, problem-solving interview, and selection interview. However, here, we shall take only selection interview and other types of interview will be discussed at relevant places.

Selection interview, also known as employment interview, is a formal, in-depth conversation conducted to evaluate the acceptability of candidates for employment. Its aim is to discover those aspects of an applicant which may not be disclosed by other methods.

Information provided by application form and various selection tests has its own relevance but it has limitations too. For example, now-a-days, organizations place more emphasis on how a candidate matches with organizational culture besides job matches. The former type of matching can be gauged through interview.

Interviewing the candidates is an important aspect of selection procedure. The final selection is partly based on the performance of the candidate in different tests and partly on his performance in the final interview. In the interview, the candidate has to appear before the interviewer or a board of interviewers.

The candidate's overall personality is judged in the interview. The interview may last for 10 to 20 minutes or even more. Various questions are asked from the candidate in order to judge his ability, knowledge, capacity and so on. Interviewing technique is used in all companies and in the case of all categories of staff to be recruited.

Interview means a conversation between interviewer and interviewee aimed at assessing the potentialities for a job. It is a two way communication between the candidate and the interviewer. In simple words interviewing means "deliberate active listing with a purpose to draw the other person out, to discover what he really wants to say and to give a chance to express himself freely".

An eminent author defines an interview as "a conversation with a purpose" and the purpose may be to "get information", "to give information" and "to make a friend".

Bingham Moore and Gustad has defined the term interview as under –

"An interview is a conversation directed to definite purpose other than satisfaction in the conversation itself. There is give and take between the interviewer and interviewee and much of the interaction between these two is carried on by gestures, postures, facial expression and other communicative behaviour. Even the words acquire a variety of meanings and values as they are spoken with different reflections and in different context. All of these are means of communication – the spoken words, the gestures, the expressions, the reflections- contribute to the purposeful exchange of meanings which is the interview".

In other words "An interview is an attempt to secure maximum amount of information from the candidate concerning his suitability for the job under consideration".

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 Scott and others, "an interview is a purposeful exchange of ideas, the answering of questions and communication between two or more persons." It is a conversation with a purpose and the purpose may be "to get information", "to give information", and "to make a friend". It is, in short, an attempt to secure maximum amount of information from the candidate concerning his suitability for the job under consideration.

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

1. To get an opportunity to judge on applicant's qualifications and characteristics as a basis for sound selection and placement. On the basis of the information obtained about the family background, training, educational and other qualifications, personality, characteristics, aptitude, interests and skills of an applicant — the interviewer tries to arrive at as impartial a decision as possible.

He may decide to hire him, to reject him or to pass him on to another step in the interview if it is not the final one. This type of interview is referred to as selection or placement interview.

2. To give an applicant essential facts about the job and the company (nature and hours of work, medical requirements, opportunities for advancement, special hazards, employee benefits and services, company policies, etc.) in order to enable him to decide intelligently whether he should or should not accept the employment. The interview is generally a non-reciprocal relation between the individuals concerned.

3. To establish a rapport, or a feeling of mutual understanding and confidence, between the personnel department and the applicant who is to be employed.

4. To promote goodwill towards the company whether the interview culminates in employment or not. The goodwill is generated by unfailing courtesy to the interviewees, by providing them with vocational literature, pamphlets, by offering constructive suggestions, and by showing interest in them.

5. Interviewing is an invaluable tool of disciplinary action, grievance handling and relations with unions.

6. To solve problems such as when counselling a student conferring with a career guidance person or discussing a grievance with a superior. Such interviews are information-gathering or fact findings meetings; but their main purpose is to solve a problem. Such interviews are also termed as counselling interviews.

7. To get a real feel of the candidate, observe his appearance, mannerisms, confidence, and typical ways of reacting to questions of various sorts.

8. To find out why an employee is leaving the company and seeking job elsewhere. Such interviews are called exit or termination interviews.

9. Despite the fact the interviews are often regarded as costly, inefficient and non-valid procedure for selection purposes, they are widely used because the psychological tests and application blanks to not give correct information about the candidate as a real flesh and blood human being.

Richard Calhoon observes – “The interview makes three unique contributions to the selection process. First, it is the only way to see an applicant in action – how he looks, his manner, his bearing. Second, it is the only way to witness how he interacts and how he responds; his way of thinking, the effects of his personality on another. Third, it is perhaps the best way to get at the ‘will do’ features of a performance – motivation, initiative, stability, perseverance, work, habits, and judgements. The so- called ‘can do’ aspect can be examined by application, test and reference checks. An important by-product, unique to the interview, is the opportunity it affords to the management to identify with the applicant a factor that can be quite helpful for a new employee’s ultimate success.”

Under the ‘can do’ factors, Dr. McMurray includes these elements – appearance, manners, education as required by the job, intelligence, ability to solve problems, experience in the field knowledge of the project, physical conditions and health.

Under the ‘willdo’ factors are listed character traits, viz., stability, industry, willingness to work, perseverance, ability to get along with others, loyalty – that is, identifying with employer – reliance, that is, standing on one’s own feet and making one’s own decisions, and leadership.

Besides, ‘motivation factors’ are also taken into consideration. These are vigorous, initiative and drive, need for income, need for security, need for status, need for power, need to investigate, need to excel, need for perfection, even the need to starve.

For assessing 'emotional maturity,' the factors to be taken into consideration are- freedom from dependence, regard for consequences, and capacity for self-discipline, freedom from destructive tendencies and freedom from wishful thinking.

Thus, in brief, selection interviews give a chance to personally "size up" the candidate, and to pursue questioning in a way that tests cannot. They give an opportunity to make judgements on the candidates' enthusiasm, and intelligence and they give an opportunity to assess "subjective aspects" of the candidate – facial expression, appearance, nervousness, etc. Interviews, in other words, are a very patent screening tool.

Interviewing is a universal tool utilises in any selection procedure. The primary object of interview is to determine the suitability of applicant for the job. Interviewing is an art. Successful interviews follow established principles in matching man and his qualifications to the job requirements.

Bingham and Moore have mentioned the following principles of interview :

Principle # 1. Expert, Skilled, Experienced and Trained Interviewers :

The interviewers must possess the ability and skills required for interviewing the candidates. They should be expert, skilled, experienced and trained for interview. They should be familiar with the interview requirements or nature of the job, background of the organisation and industry which they represents.

They should be well-versed in Behavioral Science, which helps them to Judge the different personality traits of the candidates. They have to get them prepared for interviewing by making a list of questions based upon the job specifications.

Principle # 2. Provide Privacy and Ample Time :

Full privacy should be provided for conducting the employment interview. There should be no disturbances, obstacles, phone calls, noise, visitors. Specific and healthy atmosphere should be deliberately created for interview purpose. Ample time should also be given for interview to the candidate during the interview.

Principle # 3. Proper Reception of the Interviewees :

All the interviewees should be warmly welcomed and be treated nicely. A warm reception of the interviewees help to create a favourable impression in the mind of the candidate appearing for the interview.

Principle # 4. Comfort and Ease :

These help the interviewee feel at-ease and willing to give you the facts about himself. The interviewers must be straight forward and frank rather than clever.

Principle # 5. Skilful and Tactful Questions :

The interviewers should ask the questions in a simple language, understandable to the applicant. Never argue or interrupt or change the subject abruptly. They should not ask leading (which gives clues or hints to the answer) or tricky questions, because one of the objectives of interview is to seek more and accurate information about the candidate.

The interviewers must respect the interest of the candidate. Direct and personal questions should be asked tactfully. The interviewer should try to get the relevant information and also answer candidate's questions also.

Principle # 6. Do not "Oversell" the Job Opportunities :

This means indirect disclosure that the organization is in need of the services of the candidate Even if the candidate is the right person for the job, the organisation should not beg to him. On the other hand the interviewer should use his skill to impress the candidate in such a way that he himself accepts the job. The feeling that the candidate is obliging the organisation by accepting the job should never be created in the mind of candidate.

Principle # 7. Be Courteous towards the Candidate :

The interviewers should adopt a courteous approach towards the candidate and let him feel at home, so that she/he can say everything about her/himself with an open and free mind.

Principle # 8. Encourage the Candidate to Talk :

Give full opportunity to the candidate to talk more and there should not be much talking by the interviewers. The interviewer must avoid the temptation of too much talking and should give ample opportunity and encouragement to the candidate to talk more and in details about himself. The best interview is usually one in which the interviewers talk the least.

Principle # 9. Attentive and Patient Listening :

The interviewer must listen attentively and patiently to the interviewee during the interview. He should not divert his mind elsewhere during the interview, though the candidate may or may not be to their satisfaction. The interviewer should not impose upon the candidate, his own opinion, viewpoints and beliefs. The information from the applicant can be elicited only when the interviewer give him a patient, prolonged and skilful hearing.

Principle # 10. Objectivity in Decision Making :

The interviewer should understand the interviewee's point of view and has to keep himself away from the bias, prejudice, personal judgement and whims. He must rely on the principle of objectivity rather than subjectivity. There should be a scientific process and methodology of testing and interviewing the candidates.

Principle # 11. Closing the Interview :

The interview should be concluded at the point of time when the interviewer becomes sure collecting adequate information about the candidate and that he has judged the personality traits as required. At this point the interviewer should stop the interview extending his thanks to the candidate for the interest he exhibited towards the organisation.

Principle # 12. Rational Selection :

After the interview is over, the chairman and members of the interview committee have to arrive at a specific decision with regard to the final selection of the candidates for the jobs to be filled-in. The interview board should be very rational in this. Their decision should based on the performance of the candidates and the information the board has collected during the course of interview.

Such decision should be conveyed to the concerned candidates in a clear-cut and simple language along with the terms of employment by timely sending them the appointment letters. Every interview should be result oriented. The interview programme should be scientifically implemented for this which ultimately helps in the final selection of the most suitable, competent and right employees for the jobs in the organisation.

8.2 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.

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.

8.3 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 summaries. 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.

8.4 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 guideline to make interviews more effective.

8.5 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.

8.6 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.

8.7 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

8.8 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?

8.9 SUGGESTED READINGS :

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LESSON – 9

PLACEMENT INDUCTION AND JOB CHANGES

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 OF THE LESSON :

9.1 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 coworkers and encouraging them to ask questions.

9.2 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.

9.3 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.

9.4 ORIENTATION PROCEDURE CONSISTS OF THE FOLLOWING STEPS :

1. The new employeeshould 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 pamplets 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.

9.5 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

9.6 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.

9.7 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.

9.8 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.

9.9 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.

Promotion means advancing an employee to a higher status while upgrading means increasing pay for the same job or moving to a larger scale without changing the job.

9.10 TRANSFER IN HRM – MEANING :

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. Trans-fer causes a shift of individual from one job to another without there being any marked change in his responsibilities, skills and other bene-fits.

Transfer is the movement of an employee from one job to another. “A transfer involves a change of job without any significant increase in responsibility or income, and a promotion involves a change in which a significant increase in responsibility or income occurs."

However, this difference between promotion and transfer should be treated as a broadly conceived idea only. Sometimes, transfers may (and often do) involve some changes in responsibilities and duties.

Sometimes they may involve change in pay also. For example, in permanent personnel transfers, an employee normally receives the rate of pay on the job to which he is transferred.

In case of production transfers rate of the earlier job, or that of the new job whichever is higher, is paid. On temporary transfers, employees may continue receiving their usual rate.

Transfers are an important source for internal recruiting. Often the most suitable candidate for an existing opening may be someone already working in one or the other department of the working organisation. Transfer of such an employee to fill the job is preferred by managers of the organisation.

If a newly hired employee, assigned to a certain job at the initial stage of placement is left there in spite of his desire for a change, it may create resentment This resentment may be expressed in terms of reduced work, formal complaints or increased rate of labour-turnover. By transferring such an employee maladjustment problem can be solved.

Transfers may be initiated by the organization or employee. When the organization feels that an employee is required at another job in the same department or another, it transfers him/her there where they are likely to be more effective. But sometimes, employees demand it on account of their ill health, change in their work load, family issues etc. General public these days is empowered to initiate transfer if an employee's behaviour has been proved to be objectionable, or against the public interest.

Changes in organization structure, technology and also changes in the knowledge, skill, aptitudes and values of employees need movement of employees from one job to another and from one place to another. This movement, of an employee from one job to another in the same organisation without any change in the nature of duty, responsibility and pay is called transfer.

Transfer may be permanent or temporary and it may be within the same department or across the department. Transfer takes place due to change in work load or death, retirement or resignation of employees.

Transfer in HRM – Definition :

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. In Government service, employees are transferred due to administrative reasons. Transfer is a movement of the employee from one job to another job or some other place without change in status, responsibilities and salary.

It is the movement of an employee from one job to another without involving substantial change in his duties, responsibilities required skill, status and compensation.

In this definition the terms substantially equal means that the general nature of duties and responsibilities remain the same through these may be a change in pay. It is a horizontal shift of an employee from one place to another.

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".

Yoder and Associates have defined transfer as, "a lateral shift causing movement of individuals from one position to another usually without involving any marked change in duties, responsibilities, skills needed or compensation".

An important function of personnel management is to be 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.

Dale Yoder, "A transfer involves the shifting of an employee from any job to another without special reference to change responsibility or compensation".

Transfer involves change of job assignment. It is simply shifting of an employee from one job to another job without any change in status and pay. In the words of Edwin. B. Flippo "transfer is a change in job where the new job is substantially the equal to the old in terms of pay, status and responsibilities."

A transfer is a horizontal or lateral movement of an employee from one job, section, department, shift, plant or position to another at the same or another place where his salary, status and responsibility are the same. It generally does not involve a promotion, demotion or a change in job status other than movement from one job or place to another.

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-co-operation 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.

9.11 PROMOTION :

When a higher position is given without a change in the salary, it is known as Dry Promotion.

Open and closed promotional systems. A company is said to have an open promotion policy if it considers all employees within the organization as potential candidates and announces such vacancies internally.

When an organization does not announce vacancies or openings are not open to all employees within the organization, the company has a closed promotion policy.

Objectives of Job Promotion

Researchers (Khan, and Akkas, 1990; Kokemuller, 2013) have pointed out different promotion objectives. They have outlined the following purposes of promotion :

1. To provide an incentive for initiatives and ambition,
2. To make the best use of skills and ability,
3. To reduce discontent and unrest,
4. To attract suitable and competent workers,
5. To suggest logical training for advancement,
6. To recognize outstanding achievements,
7. To improve morale, motivation, and job satisfaction of employees.
8. Types of Job Promotion / Bases of Job Promotion
9. There is a controversy about what should be the criteria for promotion- seniority or merit. Trade unions prefer seniority, while management prefers ability or merit.

Promotions usually are based on merit and/or seniority.

3 basic types of promotion are :

Seniority-Based Job Promotion

Merit-Based Job Promotion

Seniority and Merit-based Promotion

1. Seniority-Based Job Promotion :

Seniority denotes the relative duration of service or length of service in the same post and company. In some situations, the most senior employee gets the promotion.

There is a positive connection between service, talent, and the knowledge obtained by the employees. It is based on the convention that the first should be given the first opportunity in all rights.

Unions demand seniority as a basis for promotion because layoffs and discharges are frequently based on seniority. Seniority refers to employees' relative length of service, and the seniority promotion plan is as old as civilization.

The oldest son succeeded his father as king. The method of calculating seniority or length of service is an important part of a seniority plan. It should provide for the following factors :

When seniority starts to accumulate, effects of various interruptions to employment, and the effect of promotions upon seniority calculation. Seniority begins to accumulate as soon as an employee is hired.

In the case of union contracts, it is important to note whether or not new employees have seniority rights during their probation period and whether or not the probationary period will be included in the calculation of seniority.

Again, when many employees are hired on the same date, a question of seniority may arise unless a priority basis is established.

In such cases, priority may be established upon such an arbitrary basis as an alphabetic listing. There are merits and demerits of considering seniority as the sole criteria for the promotion.

Advantages of Seniority – Based Promotion :

It is comparatively simple to measure the service and review the seniority. There would be full support from everyone as there is no scope for nepotism, prejudice, and judgment.

Senior employees feel contentment since they are esteemed, and their effectiveness cannot be disputed. It builds a sense of certainty of getting promotions for every employee. It diminishes the possibility of complaints and disagreements.

Nair and Nair (1999); Hall (1998) have pointed out the merits of seniority criteria in promotion, which are listed below:

Easy and simple,

Focus on individual career prospects and security,
Avoid favoritism and arbitrariness by management,

Risk is reduced,

The policy is more acceptable to the majority of employees and unions,

It reduces employee turnover,

It is compatible with the oriental culture of respecting age and experience.

Demerits of Seniority-Based Promotion :

Seniority-based promotions usually are limited to hourly employees. It presumes that the employees learn more fairly with the length of service.

Employees learn up to a certain age, and learning skills retreat over time. It kills the inquisitiveness to build up since everyone will be promoted with or with no development.

It demotivates the young and more capable employees, which might lead to a higher turnover of young employees. Judging seniority can also be complicated as tribulations like job seniority, company seniority, earlier experience, etc., pose diverse considerations.

The efficiency of the organization is expected to be reduced.

Merit is devalued. Capable young people are likely to become impatient about waiting - for “Dead- man’s shoes” and will quit looking for better prospects elsewhere.
Promote mediocre performance and inefficiency. Consequently, this may mean that the company comes to be managed by second-grade people who have stated that they don’t have enough calibers to make a move.

Limit the influence of managers as their evaluation of the performance of individual employees has little effect on their performance.

There is no guarantee that experience or length of service increases ability.

No incentive for training and development for employees.

Inability to attract talented hands from outside.

It goes against obtaining and sustaining a competitive advantage.

2. Merit-Based Job Promotion (Merit as a Sole Basis for Job Promotion) :

Merit refers to knowledge, skill, talent, competence, and capability as different from education, training, and past service record. Merit-based promotions occur when an employee is promoted because of superior performance in the current job.

In principle, it is agreed by all that promotion should be based on merit. Merit-based promotion occurs when an employee is promoted because of superior performance in the present job.

Using merit as a basis for promotion causes difficulties because what management regards as a merit union may consider favoritism and can distrust management's sincerity when it claims the right to promote solely on merit.

When management adopts merit as a basis for promotion, it must evolve controls to recognize merit objectively, refuting the allegations of favoritism.

As far as possible, merit rating or employee evaluation should be based on operating facts. The employee evaluation plan should include an arrangement for consultation and perhaps vocational guidance.

A two-edged weapon is employed by discussing a person's strong and weak points before vacancies occur. Those who are ambitious can get suggestions on how to improve themselves.

And a record of such discussions can be cited for those who did not get the desired job because they failed to follow suggestions. What is important is to discuss the standards before and after application.

Advantages of Merit-Based Job Promotion :

The merit system makes better deployment of resources at a high level. Merit works as a golden handshake concerning employee turnover.

Capable employees are motivated to do their best and add to organizational effectiveness. The merit system encourages the employees to obtain new knowledge/skills for all-around development.

9.12 PROMOTION POLICY :

An employee promotion policy is a formalized set of standards that a company can use to offer employees opportunities for advancement. This policy can be as high-level or as detailed as an organization desires, but it's essential to consider how it'll apply to your company as a whole — a policy that's too granular may be too rigid to apply to all situations.

An employee promotion policy should include :

- A policy statement outlining the purpose of your policy
- Who the policy benefits (e.g., internal candidates)
- How your company defines promotions (e.g., an upward movement in position, responsibility, and salary)
- Your organization's requirements for considering a promotion
- The circumstances under which managers may consider promoting employees
- The process that must be followed for promotions

9.13 JOB CHANGES :

Creating a new position is the process by which a new job is created. A new position is required to be created for any position before it can be advertised or filled. Budgeted staff positions must be complete with a position description and established salary. To create a new non-faculty position in Workday, the HR Contact/Liaison should work with the position's Manager to complete the Workday Position Description Template. Completing the questions on the template will provide the information necessary to complete the Create Position business process in Workday. Once the Workday Position Description Template is finalized, the HR Contact/Liaison should submit the Create Position business process in Workday.
When creating a staff job description, the completed position description template will be one of the supporting documents. It may also be helpful to include an organization chart and/or approval memo with the request. These documents will assist with the review and approval process. The Classification and Compensation Office will review and approve the new staff position in Workday.

Reclassifying an existing position is the process by which an existing position is given a new title and salary. A reclassification of a staff position may be to a higher, lower, or lateral title. The change associated with a reclassification may be effective no earlier than the beginning of the pay period in which it is approved. The Classification and Compensation Office provides details on the Job Changes website regarding the process to reclassify a position and the required staff template.

When reclassifying a staff position, the completed Workday Position Description Template must be used for the Edit Position Restriction process. Completing the questions on the template will provide the information necessary to complete the Edit Position Restriction business process in Workday. Depending on the changes made, it may be appropriate to include an approval memo and/or organization chart for the position changes. These documents will assist with the review and approval process. For filled reclassifications, resumes may be required to verify the qualifications of the employee and to make sure that the individual is eligible to move into the new title. If an employee is claiming a degree or the position requires a degree, a degree verification will need to be run on the employee if one has not yet been performed. Staff from the Classification and Compensation Office, conduct a job analysis in order to properly classify positions in terms of an appropriate title, salary and overtime exemption status. The HROE Classification and Compensation Office will review and approve staff reclassification actions in Workday.

Updating an employee's position description entails making minor changes to their job that are not sufficient to warrant a new title. All updates to staff position descriptions are reviewed by the Classification and Compensation Office to ensure that a new title is not warranted. To edit a staff position description in Workday, the HR Contact/Liaison should work with the position's Manager to complete the Workday Position Description Template. Completing every question on the template will provide the information necessary to complete the Edit Position Restrictions business process in Workday. The template is located on the Classification and Compensation website under Job Changes or Resources. Departments should not submit an update in lieu of a reclassification. Updates can be done at any time of year, but usually are completed prior to or during the annual performance evaluation period, or prior to creating a job requisition.

The Change Job business process is used to change the employment relationship of an employee such as a change of location, change in annual work period, promotion, reclassification, change in job classification, transfer to a new position or to another supervisory organization. To initiate this Change Job process in Workday, submit a Change Job business process on an employee. The Change Job business process is only available for a filled position. The Classification and Compensation Office reviews, analyzes and processes staff and student Change Job actions.

The internal promotion and transfer of an employee is the process by which qualified internal candidates may be promoted or transferred to fill a vacancy without an advertisement or posting. This process may also be used for demotion of an employee. The changes finalized by Internal Promotion and Transfer (IPT) may be effective no earlier than the date on which it is approved. To promote or transfer an employee in Workday will involve the initiation of the Change Job business process. IPTs shouldn't be used to fill most vacancies. They should be used when you have an employee who is so uniquely qualified that you aren't likely to find a more qualified candidate if you posted the position.

Dual Employee An employee is considered dual employed when holding two or more State of Texas jobs. The appropriate Human Resources office or applicable department reviews the dual employment requests to ascertain whether the hours worked in multiple positions may be combined under the Fair Labor Standards Act (FLSA).

Temporary overlap staff job- If a department has an employee who is retiring or leaving the University, and the department would like to hire their replacement before the current employee's departure, the department will need to create a temporary overlap staff job in Workday. The department must create a temporary overlap staff job as two employees cannot be in the same position number in Workday

9.14 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.

9.15 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 he 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.

9.16 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?

9.17 SUGGESTED READINGS :

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

5. A.M. Sarma (2008); Industrial Relations (Conceptual and Legal Framework);
6. Himalayan Publishing House, New Delhi.
7. C.B. Mamoria& S.V. Gankar (2010); Personnel Management (Text & Cases); Himalayan Publishing House, New Delhi.

Dr.K. Madhu Babu

LESSON – 10

PROMOTIONS AND TRANSFERS POLICIES

LEARNING OBJECTIVES :

- ✓ To study about the promotion
- ✓ To know the purpose of the promotion and transfer
- ✓ To analyse the Importance of transfers

STRUCTURE OF THE LESSON :

10.1 Introduction to Promotion

10.2 Purpose and Importance

10.3 Promotion Policy

10.4 Principles of Promotion

10.5 Introduction to Transfer

10.6 Objectives and Purpose of Transfer

10.7 Types of Transfers

10.8 Summary

10.9 Keywords

10.10 Self- Assessment Questions

10.11 Suggested Readings

10.1 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 &Spriegal, "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 anemployee 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.

10.2 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 andchange in designation, it is called horizontal promotion. For example Second DivisionAssistant is promoted as First Division Assistant. This type of promotion may take placewithin the same department or from one department to another or from one plant to anotherplant.

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.

Promotions and Transfers Policies

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.

10.3 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 greatcontroversy with regard to the question whether promotions should be based on seniority ormerit, 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 andorganisation. Every organisation, therefore, needs a formal and systematic programme ofpromotion. 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.

10.4 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.

10.5 TRANSFER :

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.

10.6 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 rot 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 else where, 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, there allocation 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 organizational 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 Transfers 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 wide spread, 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.

10.7 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 are placement. 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 layoff; particularly for long-service employee.

3. Versatility Transfer :

Some organizations believe that the workforce needs to have multiple skills capable toper form 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.

10.8 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 be 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.

10.9 KEYWORDS :

Promotion : Activity that supports or encourages a cause, venture, or aim.

Employee : A personemployed 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.

10.10 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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Dr.K. Madhu Babu

LESSON – 11

T R A I N I N G

LEARNING OBJECTIVES :

- ✓ To Understand the Concept and Need of Training
- ✓ To Know the Methods of Training
- ✓ To Learn the Types of Training
- ✓ To Examine the Designing and Evaluating the Training Programm

STRUCTURE OF THE LESSON :

11.1 INTRODUCTION :

Training and development describes the formal, ongoing efforts that are made within organizations to improve the performance and self-fulfillment of their employees through a variety of educational methods and programmes. In the modern workplace, these efforts have taken on a broad range of applications—from instruction in highly specific job skills to long-term professional development. In recent years, training and development has emerged as a formal business function, an integral element of strategy, and a recognized profession with distinct theories and methodologies. More and more companies of all sizes have embraced "continual learning" and other aspects of training and development as a means of promoting employee growth and acquiring a highly skilled work force. In fact, the quality of employees and the continual improvement of their skills and productivity through training are now widely recognized as vital factors in ensuring the long-term success and profitability of small businesses. "Create a corporate culture that supports continual learning," counseled Charlene Marmer Solomon15 in Workforce. "Employees today must have access to continual training of all types just to keep up…. If you don't actively stride against the momentum of skills deficiency, you lose ground. If your workers stand still, your firm will lose the competency race."

11.1 Philosophy Of Training :

According to S Chandra, management of the organization firmly believes that human assets unlike other asset cannot be depreciated and must necessarily be appreciated over entire tenure. Therefore training is regarded as investment and not a cost. Even longterm intangible gains such as attitude change, are to be considered as valuable returns. Training is considered as vehicle for effective communication and coordination. Training is catalytic in any man management matrix for cohesiveness, compatibility, and cooperation in every organizational Endeavour Management proclaims Training & Development direction as permanent part &parcel of operational process and not some experiment in isolation.Management is fully committed to lend its total support to training tasks and isdedicated through intense involvement in every phase of this activity.

11.2 CONCEPT OF TRAINING :

It is about developing employees as an individual to make them capable and confident in their jobs, and consequently in their life. Thus it is an organized process for increasing theknowledge and skill of the employees. Consequently it is a process aimed at changing thebehavior in such a way that the consequence would be useful for the upliftment of theorganization.

According to Wayne F Cascio –

Training consists of planned programme designed to improve performance at the individual, group, and /or organizational levels. Improvedperformance, in turn, implies that there have been measurable changes in knowledge, skillsattitude, and/or social behavior.‖

Training is considered as a tool for HRD.

Training has immense potential in transferand utilization of latest technical know-how, leadership development, organization of people,formation of self-help-groups, mobilization of people as well as resources, empowerment ofresource-poor rural mass, entrepreneurship development, etc., which are considered essentialcomponents of HRD.

According to C B Memoria —

Training is a process of learning a sequence ofprogrammed behavior. It is application of knowledge and it attempts to improve theperformance of employee on the current job and prepares them for the intended job. Trainingis a short term process utilizing a systematic and organized procedure by which nonmanagerial personnel acquire technical knowledge and skills for a definite purpose. Trainingrefers to instructions in technical and mechanical operations, like operation of somemachine/equipment. Training is for a specific job related purpose.

Training is about developing people as an individual and helping them to become more confident and competent in their lives and in their jobs. The learning process is at the core of training and the ways of and opportunities for learning are numerous and varied.

11.3 NEED FOR TRAINING :

As Price has observed, a training need exists when there is a gap between thepresent performance of an employee or group of employees, and the desired performance.Growing business performance is a journey, not an end. The success of business operations depends upon the ups and downs of the employee performances. Hence, the HR managersstarted looking for the methods to boost the performance and efficiency of its workforce tocarry out the work today, and to train them for meeting tomorrow's goals. Trainingprogrammes were developed many years ago, but now-a-days, it has become a crucial factorin companies with certain objectives in mind. Training and development practices shouldboost up performance and develop the skills, knowledge and expertise of the employees.The vital objective of training is to build-up right ability and capability in the laborforce so that they can perform to meet the needs, wants and expected returns of the employers.

The need for Training may generally arise for the following —

- To improve the efficiency of employees
- To reduce wastage of time and money,
- To have quality output,
- To bring down supervision,
- To have preventive maintenance,
- To achieve optimum performance,
- To boost morale of employees,
- To prepare workforce for future challenging work,
- To reduce absenteeism,
- To bring down the grievances,
- To build career by personal growth,

11.4 TRAINING OBJECTIVES :

According toSaiyadain, the objectives of training differ according to the employeesbelonging to different level of organizations. The basic objective of training, however, is toestablish a match between man and his job. This training is designated to improve theknowledge, skills and attitude and thus, equip the individual to be more effective in hispresent job or prepare him for future assignment. However individual‘s growth should not betaken as an end. From this point of view of an organization, individual‘s growth is a means toorganizational effectiveness. The principal objective of training and development division isto make sure the availability of a skilled and willing workforce to an organization. In additionto that, there are four other objectives: Individual, Organizational, Functional, and Societal.

Individual Objectives – They help employees in achieving their personal goals, which in turn, enhances the individual contribution to an organization.

Organizational Objectives –

They assist the organization with its primary objective by bringing individualeffectiveness.

Functional Objectives –

They maintain the department‘s contribution at a level suitable to the organization‘sneeds.

Societal Objectives –

They ensure that an organization is ethically and socially responsible to the needs andchallenges of the society.

Following can be briefly summarized as training objectives.

a. To create constant awareness in the minds of all sections of employees of the missionof the industry, its objective and goals.

b. To encourage self-development to achieve organization goals with a sense of belongingand commitment to organization and thereby ensuring development of a proper work

c. ethos in the Industry and fostering of team spirit.

d. To identify the training needs of the entire personnel in industry in keeping with thecorporate plans and in consultation with the user departments.

e. To impart knowledge and skills necessary for performing the job efficiently andeffectively and to keep the employees to acquire necessary conceptual, technical, human and managerial skills in the areas of decision-making and problem-solving.

f. To make available in adequate number sufficiently trained manpower to meet thediverse needs of a rapidly growing industry.

g. To organize special training programmes to improve employment opportunities as wellas career prospects of persons belonging to SC/ST, minorities, handicapped, ex-servicemen, etc.

To organize training activities as aids to :

Career Planning and growth

Succession planning.

To educate and equip the employees to respond to the expectations of customers, and to accept responsibilities to attain a sense of achievement.

To achieve effectiveness of training through tapping the in-house training facilities aswell as sources available externally in a balanced manner so as to develop internalfaculty support at all levels and disciplines.

11.5 IMPORTANCE OF TRAINING :

Training is essential because technology is developing continuously and at afast rate. Employees have to adapt to technological changes, improve product and servicequality and boost productivity to stay in competition. The importance of training is means of improving productivity is readily recognized. Skills required for one job can be transferred toanother job; it can be modified and supplemented. Training plays large part in determiningthe effectiveness and efficiency of the establishment. Training & Development efforts areessential because they benefit the organization in different ways: which lead them toimproved profitability, improve the job knowledge and skills at all levels of the organization ,improve the morale of the workforce, foster authenticity, openness and trust, improverelationship between boss and subordinate, aid in the organizational development helpprepare guidelines for, aids in understanding and carrying out the organizational policies,provide information for the future needs in all areas of the organizations, organization getsmore effective decision making and problem solving skills, aid in development leadershipskills motivation, loyalty, better attitudes, and other aspects that successful workers andmanagers display; aid in increasing productivity and quality of work, help keep cost down inmany areas, reduce outside consulting costs by utilizing competent internal consultation,create an appropriate climate for growth, aid in improving organizational communication,help employee adjust to change and aid in handling conflict, thereby helping to prevent stressand tension.

11.6 TYPES OF TRAINING :

The important types of training programmes are as follows :

(a) Induction or orientation training :

Induction is concerned with introducing or orienting a new employees to theorganization and its procedures, rules and regulations. When a new employeereports to work, he must be helped to get acquainted with the workenvironment and fellow employees.it is very short informative training givenafter recruitment .It creates a feeling of involvement in the minds of newlyappointed employees.

(b) Job training :

Job training relates to specific job which the worker has to handle .It givesinformation about machines, process of production, instructions to befollowed, methods to be used and so on. It develops skills and confidenceamong the workers and enables them to perform the job efficiently. Jobtraining is the most common of formal in plant training programmes. It isnecessary for the new employees to acquaint them with the jobs they are expected to perform.

(c) Refresher training or retraining :

The refresher training is meant for the old employees of the enterprises.The basic purpose of refresher training is to acquaint the existing workforce withthe latest methods of performing their jobs and improve their efficiency further.

Retraining programmes are designed to avoid personnel obsolescence.

(d) Internship training :

Under this method, the educational or vocational institute enters intoarrangement with an industrial enterprise for providing practical knowledge ,toits students. Internship training is usually meant for such vocations whereadvanced theoretical knowledge is to be backed up by practical experience onthe job. For example. Engineering students are sent to big industrial enterprisefor gaining practical work experience and medical students are sent to big hospitals to get practical knowledge.

11.7 METHODS OF TRAINING :

11.7.1 On the Job Training :

On- the- job training is considered to be most effective method of training theoperative personnel. Under this method, the worker is given training at theworkplace by his immediate supervisor. In other words, the workers learns in theactual work environment .It is based on the principle of 'learning by doing'. On thejob training techniques are most appropriate for imparting knowledge and skillsthat can be learnt in a relatively short time .The effectiveness of the methoddepends largely on the competency of the trainer to teach. Notable on the jobmethods are explained below.

(I) Coaching :

Under this method, the supervisor imparts job knowledge and skills to hissubordinate. The emphasis in coaching or instructing the subordinate is onfeeling by doing. This method is very effective if the superior has sufficienttime to provide coaching to his subordinates.

(II) Understudy :

The superior gives training to a subordinate as his understudy or assistant.The subordinate learns through experience and observation .It preparesthe subordinate to assume the responsibilities of the superior's job in casethe superior leaves the organization. The purpose of understudy is toprepare someone to fill the vacancy caused by death, retirement,promotion, or transfer of the superior.

(III) Position / job rotation :

The purpose of position rotation is to broaden the background of thetrainee in various positions .the trainee is periodically rotated from job tojob instead of sticking to one job so that he/she acquires a generalbackground of different jobs. However rotation of an employee from onejob to another should not be done frequently .he/she should be allowedto stay on a job for a sufficient period so that he/ she may acquire the fullknowledge of the job.

Job rotation is used by many organizations to develop all roundworkers. The employees learn new skills and gain experience in handlingdifferent kinds of jobs .they also came to know the interrelationshipbetween different jobs. Job rotation is also used to place workers on theright jobs and prepare them to handle other jobs in case of need.

(IV) Apprenticeship training :

Apprenticeship training is a process by which people become skilledworkers, usually through a combination of formal learning and long termon the job training, often under the tutelage of a master craftsmen. Theapprentice learns the by observing the manner of doing the job by themaster craftsman or else he may be allowed to work on the job under his supervision. The process continues till the new employee is able todo the job independently. This type of training has traditionally beenmore appropriate for developing skills of craftsmanship such as that ofweaver, carpenter, plumber, machinist and fitter.

(V) Informal learning :

Surveys from the American society for training and developmentestimate that as much as 80% of what employees learn on the job theylearn through informal means, including performing their jobs whileinteracting every day with their colleagues .employers can facilitateinformal learning .For example, a manufacturing company can placetools in cafeteria areas to take advantage of work related discussionstaking place.

(VI) Job instructions training :

Many jobs (or parts of job) consists of a sequence of steps that can bestlearned step by step. Such step by step training is called job instructionstraining (JIT) .First, list the job's required steps (let's say for using amechanical paper cutter) each in its proper sequence. Then the list acorresponding ‘’key point” (if any) besides each step. The steps in such ajob instruction training sheet show the trainees what to do, and the keypoint show how it's to be done and why.

11.7.2 OFF THE JOB TRAINING METHODS :

Off the job training requires the workers, to undergo training for a specific periodaway from the work place .off the job methods are concerned with bothknowledge and skills in doing certain jobs. The workers are free of tension of work when they are learning.

There are several off the job methods of training and development as described below :

(I) Special lecture cum discussion :

Lecturing is a quick and simple way to present knowledge to largegroups of trainees, as when the sales force needs to learn a newproduct's features.
Training through special lectures is also known as 'class –roomtraining' .It is more associated with imparting knowledge than withskills. The special lectures may be delivered by some executives ofthe organization or specialist from vocational and professionalinstitutes.

There are certain aspects of nearly all jobs that can be learntbetter in the classroom than on the job. Orientation aboutorganization and safety training can be accomplished more effectively in the class room. Here the trainer possesses aconsiderable depth of knowledge of the subject at hand .He / she seeks to communicate his thoughts in such a manner as to interestthe class and causes the trainees to retain what he / she has said. The trainees generally take notes as an aid to learning.

(II) Programmed learning :

Programmed learning is a step-by-step, self-learning methods that consists of three parts :

(a) Presenting questions, facts or problems to the learner.

(b) Allowing the person to respond.

(c) Providing feedback on the accuracy of answers, with instructionson what to do next.Programmed learning reduces training time. It also facilitieslearning by letting trainees learn at their pace, get immediatefeedback and reduce the risk of error.

(III) Behavior modeling :

A training technique in which trainees are first shown goodmanagement techniques in a film , are asked to play roles in asimulated situation and are then given feedback and praise by theirsupervisor . Behavior modeling involves

(1) showing the trainees theright (or 'model') way of doing something

(2) letting traineespractice that way and then

(3) giving feedback on the trainee'sperformance .

Behavior modeling training is one of the most widelyused well –researched and highly regarded psychologically basedtraining interventions .The basic procedure is as follows :

(a) Modeling : First ,trainees watch live or video examples showingmodels behaving effectively in a problem situation .Thus thevideo might show a supervisor effectively disciplining a subordinate, if teaching ‘’ how to discipline ‘’ is the aim of the training program.

(b) Role – playing : Next, the trainees get roles to play in a simulatedsituation; here they are to practice the effective behaviorsdemonstrated by the models.

(c) Social reinforcement : The trainer provides reinforcement in theform of praise and constructive feedback.

(d) Transfer of training : Finally, trainees are encouraged to applytheir skills when they are back on their jobs.

(IV) Vestibule training :

With vestibule training, trainees learn on the actual or simulatedequipment but are trained off the job (perhaps in a spate room or vestibule).vestibuletraining is necessary when it is too costly or dangerous to train employees on the job and/orwhere the job is difficult and complex. Putting new assembly-line workers right to work couldslow down production, for instance and when safety is concern – as with pilots –simulatedtraining for instance may be only practical alternative.

Simulation is a form of vestibule training which is imparted away from the location of theactual job. Under it, a replica representing the job situation and the manner of doing it iscreated through the use of simulation devices .these devices may be simple or complex. Useof computers and others software devices have been of considerable help in the creation ofsituation identical to that of the actual job environment .it is particularly useful in trainingtechnical personnel and mangers.

(V) Conference training :

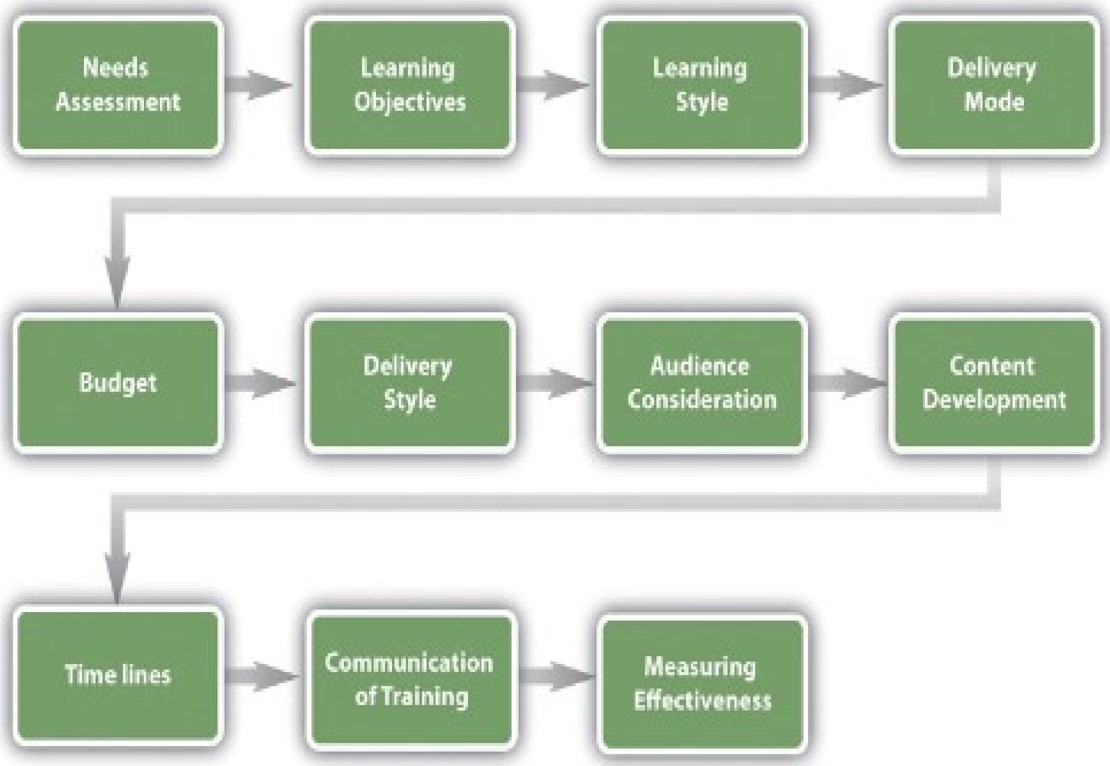
A conference is a group meeting conducted accordingly to an organized plan in which themembers seek to develop knowledge and understanding by oral participation. These days , video conferencing is also gaining popularity under which people can participate in the conference through via satellite.

(VI) Workshops :

A training workshop is a type of interactive training where participants carry out a numberof training activities rather than passively listen to a lecture or presentation .

11.8 DESIGNING THE TRAINING PROGRAM :

When developing your training plan, there are a number of considerations. Training is something that should be planned and developed in advance.



The considerations for developing a training program are as follows :

Needs assessment and learning objectives – This part of the framework development asks you to consider what kind of training is needed in your organization. Once you have determined the training needed, you can set learning objectives to measure at the end of the training.

Consideration of learning styles – Making sure to teach to a variety of learning styles is important to development of training programs.

Delivery mode – What is the best way to get your message across? Is web-based training more appropriate, or should mentoring be used? Can vestibule training be used for a portion of the training while job shadowing be used for some of the training, too? Most training programs will include a variety of delivery methods.

Budget – How much money do you have to spend on this training?

Delivery style – Will the training be self-paced or instructor led? What kinds of discussions and interactivity can be developed in conjunction with this training?

Audience – Who will be part of this training? Do you have a mix of roles, such as accounting people and marketing people? What are the job responsibilities of these individuals, and how can you make the training relevant to their individual jobs?

Content – What needs to be taught? How will you sequence the information?

Timelines – How long will it take to develop the training? Is there a deadline for training to be completed?

Communication – How will employees know the training is available to them?

Measuring effectiveness of training – How will you know if your training worked? What ways will you use to measure this?

11.9 EVALUATING THE TRAINING PROGRAM EFFORT:

After completing the training of employees (or perhaps at planned intervals duringthe training the program should be evaluated to see how well its objectives havebeen met.

The manager can measure four types of training outcomes or effects :

(1)	Reaction	Evaluate the trainee's reactions to the program .Did they like the program .Did they think it worthwhile?
(2)	Learning	Test the trainees to determine whether they learned the principles ,skills and facts they were supposed to learn .
(3)	Behavior	Ask whether the trainee's on the job behavior changed because of the training program.
(4)	Results	Most important ask , " what results did we achieve ,in terms of the training objectives previously set? For example, did the number of customers complaints diminish ?

Reactions, learning, and behavior are important .but if the training program doesn't produce measurable performance –related results, then it probably hasn't achieved its goals .

11.10 SUMMARY :

People want value for money that they spend and want great service. If they donot get it, they will not give second chance as they have wide scope. A high quality service depends upon how human resource is trained and developed to handle the competition in the emerging market. It is, therefore imperative to have different methods of training in corporatesectors. This helps employee socialize into their profession via formal and informal processthat shapes how they see themselves and how their employers, peers and customers see them.The various corporate sectors in India could shed light on the training & Developmentatmosphere prevalent in their areas. Training is essential because technology is developingcontinuously and at a fast rate. Employees have to adapt to technological changes, improveproduct and service quality and boost productivity to stay in competition. The importance oftraining as means of improving productivity is readily recognized. Skills required for one jobcan be transferred to another job; it can be modified and supplemented. Training plays largepart in determining the effectiveness and efficiency of the establishment.

The role of training is going to be very different from what it was in the past.Intellectual capital is becoming main generator of wealth both for individuals and for theorganization, as the economy is shifting towards knowledge economy. Training has become a major tool to retain employees. Well designed training programe with clear career pathincreases the job satisfaction among the young professionals and help them in becomingefficient and effective at the work place. Companies are now aligning business goals withtraining costs. But what is more important is, is the development of the skills of middlemanagement. The objective of the organizational policies process and programmes for the delivery of training is to achieve its HRD strategies by ensuring the availability of skilled andcompetent employees to meet its present and future requirements. Training & Development is essential to remover performance deficiencies. There are two ways in which T & Dinfluences performance. First, they improve the skills of the people for specific jobrequirement and secondly they add to the job satisfaction. Employees have to adapt totechnological changes, improve product and service quality and boost productivity to stay incompetition. Therefore it is more imperative for the organizations which are adoptingproactive HRM approach, to display a culture of right attitude and behavior in order toachieving desired goal. Training policies are becoming more sophisticated andcomprehensive containing all the ingredients that go in making the organizations world class.

11.11 KEY WORDS :

Training and development : Describes the formal, ongoing efforts that are made within organizations to improve the performance and self-fulfillment of their employees through a variety of educational methods and programmes.

Training : Is a process of learning a sequence of programmed behavior. It is application of knowledge and it attempts to improve the performance of employee on the current job and prepares them for the intended job

Apprenticeship training : Is a process by which people become skilled workers, usually through a combination of formal learning and long term on the job training, often under the tutelage of a master craftsmen.

Job instructions training : Many jobs (or parts of job) consists of a sequence of steps that can best learned step by step. Such step by step training is called job instructions training (JIT)

Vestibule training : With vestibule training, trainees learn on the actual or simulated equipment but are trained off the job (perhaps in a spate room or vestibule).vestibule training is necessary when it is too costly or dangerous to train employees on the job and/or where the job is difficult and complex.

11.12 SELF ASSESSMENT QUESTIONS :

1. Briefly Explain the concept and Need of Training
2. Discuss the Methods of Training
3. Explain Types of Training
4. Describe the Designing and Evaluating the Training Programm

11.13 SUGGESTED READINGS :

1. C.B. Mamoria& S.V. Gankar,Personnel Management (Text & Cases); HimalayanPublishing House, New Delhi 2010
2. Andrew J.Dubrin, Essentials of Management, South Western college Publication, 2011.
3. Dipak Kumar Bhattacharya, Principles of Management -Text & Cases, PearsonPublication, 2012.
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LESSON – 12

EXECUTIVE DEVELOPMENT

LEARNING OBJECTIVES :

- ✓ To Discuss the Concept and objectives ofExecutive Development
- ✓ To learn the Need of Executive Development
- ✓ To study the Principles and Importance of Executive Development
- ✓ To Know the process and factors of Executive Development

STRUCTURE OF THE LESSON :

12.1 INTRODUCTION :

Executive development – or simply development because it refers to learning opportunities thrown open to managers working at various levels – is any attempt to improve managerial performance by imparting knowledge, changing attitudes or increasing skills. The aim of development is not just to improve current job performance of managers but to prepare them for future challenging roles.

This would involve upgrading their knowledge, looking at things from a refreshing fresh angle or simply increasing their skill sets so that they can slip into complex and more demanding roles effortlessly. Development aims at building the competencies of people, of preparing them for planned career growth and is always future-focused.

Development is different from training because it focuses on less tangible aspects of performance, such as attitudes and values. It is a long-term educational exercise that helps managers to acquire conceptual and theoretical knowledge in a systematic manner.

The reasons for undertaking executive development in organizations may be summarized as follows :

i. Change and competition are continuous features which require continuous adaptation by the organizations. For this, continuous upgradation of skills and competencies at all levels, specifically at the management levels, is necessary.

ii. There is a need to hone the leadership skills of managers. Today’s organizations need leaders, not managers. The executive development programme (EDF) aims to address this particular need.

iii. Continuous learning and knowledge development inform and mould managers, which also helps them gain the respect of their subordinates. Motivating the management towards learning executive development is a systematized approach.

iv. Information technology (IT) has become an all pervasive phenomenon and a majority of the present-day organizational processes are seamlessly integrated with IT. The decision making process has also been made easy with the help of IT support. It is thus necessary for the managers to become IT savvy to use IT for enhancing the performance of their departments.

v. People management skills, along with technical skills, play a crucial role in the growth and evolution of managers. The EDF addresses the need for developing the human competencies of managers.

Executive development is highly beneficial to both the organisation and the individuals. Employees and managers with relevant experiences and capabilities enhance the ability of an organisation to compete and adapt to a changing competitive environment. In the development process, the individuals’ careers also gain focus and evolve. The success of development effort, to be marked as effective depends upon the following inputs-

Trainee’s personal characteristics, such as his intelligence and motivation to learn; his actual learning efforts. Development can turn out to be a fruitful venture, if the individual firmly believes in the exercise and seeks to undertake the explorative journey in a sincere way. All development is actually self-development. The motivation to change for the better should come from within. External factors could only facilitate the transformation process.

Executive development is considered as a systematic process of learning and growth through which executives gain and apply the knowledge, skills, and attitude to their jobs in the organisations efficiently and effectively. Executive development relates experience with learning. The main purpose of executive development is that managers should learn from their experiences.

With the help of executive development the executives learn to improve their behaviour and performance. This process of learning is targeted towards the implication that there will be changed behaviour on the part of individual who are provided with adequate training and education.

Executive development or management development is a systematic and continuous process through which the executives learn advanced knowledge and skills in managing. Executive Development Programme (EDP) is a planned and organised process of learning and growth designed to improve managerial behaviour and performance of executives by cultivating their mental abilities and inherent qualities through the acquisition and application of advanced knowledge insights and skills. This definition points out two important elements of executive development.

First, executive development will involve an improvement in the behaviour of the persons in the management, given the necessary training and education.

Secondly, Executive development is a continuous process. It never stops. The executives keep on learning through job experiences and by participating in the training programme.

In the words of George R. Terry, “Executive development should produce change in behaviour which is more in keeping with the organisation’s goals than the previous behaviour. Such a change frequently consists of a number of small steps resulting from the training, but the cumulative effect is considerable as the end result is sought. It is also basic that a terminal behaviour is identified before the development efforts start”.

According to Koontz and O’Donnell, “Executive development concerns the means by which a person cultivates those skills whose application will improve the efficiency and effectiveness with which the anticipated results of a particular organisational segment are achieved”.

According to Dale S. Beach, “The role of the company in management development is to establish the programme and the development opportunities for its present and potential managers”.

In the words of Michael Armstrong, “Executive development is eventually something that the executive has to attain himself. But he will do this much better if he is given encouragement, guidance and opportunity by his company”.

Flippo, "Executive Development includes the process by which managers and executives acquire not only skills and competency in their present jobs but also capabilities for further managerial tasks of increasing difficulty and scope".

Beach, "Executive development is a systematic process of training and growth by which individuals gain and apply knowledge, skill, insights and attitudes to manage work organizations effectively".

Bateman and Snell, "Executive development is teaching managers and professional employees broad skills needed for their present and future jobs".

Thus, from the above definitions, it is clear that the executive development is a systematic and planned process of growth and development by which managers develop their abilities to manage. Executive development is the result of not only participation in formal courses of instruction but also the result of the actual job experience.

It aims at improving the performance of the managers by providing to them opportunities for growth and development. Mere classroom lectures of and class-study do not guarantee that the managers will develop but what is more important is the efforts of the managers themselves.

Every manager should make his own contribution to his own development because others can create or provide only opportunities. The responsibility of the company is only to create or provide opportunities whereas the responsibility of the manager is to take full advantage of such opportunities to develop themselves.

12.2 CONCEPT OF EXECUTIVE DEVELOPMENT :

Executive or management development focuses on manager's personal growth. It basically aims at improving judgment, logical thinking of managers to take complex decisions and to take responsibility. Executive development is a planned, systematic and continuous process of learning and growth by which managers develop their conceptual and analytical abilities to manage.

It is combination of both experience and skills. The participants should also have capacity and self-motivation to learn and develop themselves.

Executive development is thus :

a. A planned effort to improve executive's ability to handle high-level responsibilities.

b. It is continuous, ongoing activity as it aims improving total personality, behaviour, attitude of managers which cannot be done overnight.

c. It is a long-term process, as managers take time to acquire and improve their capabilities.

d. It is proactive in nature as it focuses attention on the present as well as future requirements of both the organisation and the individuals.

1. Continuous Process – Executive development is a continuous process because there is no fixed time limit for learning. It is not a one shot activity and continues throughout the career of the mangers.
2. Long Process – Executive development is a long process and takes time. It is time consuming because the skills of the managers cannot be developed overnight.
3. Planned Activity – Executive development is a well-planned, organized, and systematic activity. It is not a trial and error approach.
4. Involves Stresses and Strains – Development does not takes place in the total peaceful and relaxed atmosphere. It involves stresses and strains.
5. Conducive Environment – Executive development needs conducive environment which should be encouraging and stimulating. Further, it also require that adequate feedback should be received about the degree of development of the personnel.
6. Guided Self Development – Executive development can only be made possible only when the manager himself wants to learn. The individual must have the desire to learn and practice what he is taught. Coercion can never lead to the development of executives or the managers.

12.3 OBJECTIVES OF EXECUTIVE DEVELOPMENT :

1. **Knowledge to New Entrants** – The objective of executive development is to impart basic knowledge and information to the new entrants in the organisation for the purpose increasing their overall knowledge and improving their conceptual and decision making skills.
2. **Improving Performance** – Executive development aims for the improvement of the performance of the managers at all levels in their present jobs by introducing them with the latest concepts, information, and techniques.
3. **Preparing Managers for Future Positions** – Executive development has the main purpose to build the second line of the competent officers and prepare them for their future responsible positions as part of their career progression.
4. **Preventing Obsolescence** – The aim of executive development is to prevent obsolescence of executives by making them aware of the latest techniques and concepts in their area of specialization.
5. **Developing Latest Management Techniques** – Executive development has its purpose to develop and implement the latest management techniques in place of

the traditional systems for increasing the productivity of the managers and the organisation as the whole.

6. **Opportunities to Executives** – The objective executive development is to provide the new and better opportunities to the executives so that they can fulfil their career aspirations.

7. **Optimum Utilization of Managerial Resources** – The aim of executive development is to optimally utilize the managerial resources in the organisation.

8. **Introducing Changes** – Executive development aims for the introduction of the required changes by developing executives and broadening their perspectives so that they can work as the change agents.

12.4 NEED OF EXECUTIVE DEVELOPMENT :

There is growing need for the development of an efficient managerial pool to meet the challenges of industry. Realising this, many management institutes and training organisations have geared up their training and development activities to a great extent. However, there is a certain imbalance in the spread of management education. A concentration of management training is found in the industrial sector mostly in traditional industries and public sector enterprises.

1. Techno-managers in such sectors as engineering and steel, coal, fertilizer, oil and cement industries. Personnel in these industries need training not only in the functional areas of management but also need to acquire a thorough knowledge of the sector.

2. Management resource mobilisation towards professionalising such public utilities as water supply, power distribution, transport and communications, for agriculture and industry are dependent on the efficient functioning of these utilities.

3. Government and civic offices organised to render public services, including municipal services, housing, insurance, mass media, police, medical services and education, have been untouched by the management movement. The "managerialisation" of these services needs immediate attention.

4. Management principles and techniques need to be introduced in other areas of national economy – managerial services for agriculture and rural development, irrigation, co-operation and animal husbandry, fisheries, forestry and marketing. Management know-how also needs to be brought to bear on production processes at the farm level with a view to increasing efficiency in the tertiary or service sector in rural areas.

5. Public administration is a vast sector which needs management attention, because this segment has a direct relevance to economic and social activity, for it brings functionaries into contact with the citizenry and the entrepreneurial class.

6. Management development programmes for all those who are engaged in positions above the supervisory level of operations – whether as Deans of hospitals, the Vice-Chancellors of Universities, Superintendents of Police or Collectors of districts. Their job calls for the use of a management component which is concerned with such skills as leadership and communication. For them, training in management, productivity and human relations would be very valuable.

Executive development programmes help managers to cope with rapid technological change, cutthroat competition, sudden changes in government policies, changes in the outlook and expectations of a vast majority of workers possessing transferable skills.

Managers can update their skills, knowledge and competencies from time to time in sync with these changing trends and tackle knotty issues with confidence. In short, no organisation can achieve success in the long run unless it tries to improve, expand and develop its talent pool through constant learning initiatives.

12.5 LEVELS OF EXECUTIVE DEVELOPMENT :

1. Top Management :

This consists of chief executives designated as chairman, managing director or as chief executive officer. This level is responsible for overall management of an organization within the policy frame work framed by the Board of Directors.

The following functions fall within their authority jurisdiction :

i. Formulation of long-term strategies.

ii. Issuing directions and instructions to various lower level functional areas.

iii. Coordinating the functions of different functional units.

iv. Appointing key personnel, performance appraisal, compensation decision and training and development of leaders.

v. Reviving and controlling organizational performances.

vi. Maintaining and being in constant touch with environmental elements.

vii. Continuously leading the organization for betterment and excellence.

2. Middle Management :

The various functional heads form the middle management. They act as interface between the top management and the operative management. This level faces pressure from three fronts namely, top management who impose targets and transmit downwards policies and strategies for implementation, operative management which give its views and suggestion and middle peers who depend on one another for smooth work performance at various domains.

Following are the responsibilities of the middle management :

1. Performance of domain functions.
2. Securing cooperation from their peers at various domains.
3. Integrating the various intra-domain functions.
4. Hiring human resources for its domain and training and developing the human resources employed in its domain.
5. Managing the respective domains in a way that it contributes its share to overall achievement of the organizational goal.

3. Middle Functional Executive and Specialists :

(i) To increase knowledge of business functions and operations in specified fields in marketing, production, finance, personnel;

(ii) To bring about an awareness of the broad aspects of management problems, and an acquaintance with, and appreciation of, interdepartmental relations;

(iii) To develop familiarity with the managerial uses of financial accounting, psychology, business law and business statistics;

(iv) To inculcate knowledge of human motivation and human relationships; and

(v) To develop responsible leadership.

12.6 PRINCIPLES OF EXECUTIVE DEVELOPMENT :

The following principles or guidelines should be observed by the management towards executive development :

1. It is the responsibility of the management to arrange for executive development, which should be kept in charge of a senior executive.
2. Every departmental manager should take the responsibility of developing his subordinate extinctive.
3. Executive development programme should aim at meeting the needs of the individual executive as well as the needs of the enterprise.
4. The pre-requisite of effective executive development is the selection of the right man for the executive position.

5. The management should formulate a definite strategy of executive development specifying clearly the various objectives, coverage and type of development.
6. The management should prepare a realistic time schedule for the executive development programme keeping in view the present and future needs of the organisation.
7. The executive development programme should be made applicable to each and every executive so as to avoid executive obsolescence and impart latest knowledge and skills to all the executives.
8. The management should create congenial and favourable climate conducive to executive development.
9. The participation of executives in every development programme should be made mandatory.
10. The management should arrange for feedback to its trainee executives so as to enable them to take necessary steps to improve themselves.

12.7 IMPORTANCE OF EXECUTIVE DEVELOPMENT :

In modern organisations there is a great need of executive or management development programmes. The quality of managers greatly affects the achievement of goals of the organisation as the difference in the price policy, inventory policy, marketing and production policy is explained through the quality of management. Executive development thus helps in maintaining the efficient manpower through which organizational objectives can be achieved.

The importance for executive development is felt due to the following reasons :

1. Increase in Complexities and Size of the Organization – In the phase of increasing competition the size and complexities of the organisations is continuously increasing. Due to this reason the mangers need to be developed to handle the complicated problems of these organisations.
2. Shortage of Trained Personnel – It is very difficult to recruit and select the personnel according to the requirements. The need mostly arises to develop the personnel so that they could perform their assigned tasks effectively and efficiently, which is done through executive development.
3. Technological Changes – The technological changes are rapidly taking place in this competitive business environment. The modern business organisations are continuously introducing the new equipments, machines, and methods of production. So the mangers require the latest knowledge of these new techniques and technology which is provided through executive development.

4. Socio Cultural Changes – The rapid change also occurs in the socio cultural environment and for understanding the behaviour of the people in the proper perspective there is a great need to develop the managers.
5. Increased Competition – There is a tough competition in the market and the consumers have become conscious of their rights and they cannot be now easily misguided. The executive development is of great help in properly understanding and meeting the needs of the consumers.
6. Changes in Labour Management Relation – Executive development is needed due to the reason that there are frequent changes in the labour management relations and with the help of executive development the managers can ensure industrial peace in the organisation.
7. Social Responsibility of Management – Due to the changing business philosophy, the social responsibility is widely recognized by the business leaders. So the increased management tasks arising out of the fulfilling social responsibility have made the executive development necessary in the corporate world.
8. Increased Professionalism – Management of public utilities, state enterprises and civic bodies are being professionalized for the purpose of improving the operational efficiency. This professionalism is ensured through executive development.
9. Unending Process – Management development is used for imparting knowledge about the latest concepts and as learning is an unending process, this makes the executive- development as an unending process.

12.8 PROCESS OF EXECUTIVE DEVELOPMENT :

Step # 1. Analysing Development Needs :

In the first instance, once a decision is made to launch an executive development programme, a close and critical examination of the present and future developmental needs of the organisation is made. It becomes necessary to know how many and what type of managers are required to meet the present and future needs of the organisation.

This requires organisational planning. A critical examination of the organisation structure in the light of the future plans of the organization reveals what the organization needs in terms of departments, functions and executive positions.

After getting the information, it will be easy to prepare the descriptions and specifications for different executive positions, which in turn gives information relating to the type of education, experience, training, special knowledge, skills and personal traits for each position.

By comparing the existing talents including those to be developed from within with those which are required to meet the projected needs enables the management to make a policy decision as to whether it wants to fill these positions from within or from outside sources.

Step # 2. Appraisal of Present Management Needs:

For the purpose of making above mentioned comparison, a qualitative assessment the existing executives will be made to determine the type of executive talent available within the organisation and an estimate of their potential for development is also added to that. Then comparison is made between the available executive talent and the projected required talent.

Step # 3. Inventory of Executive Manpower:

An inventory is prepared to have complete information about each executive. For each executive, a separate card or file is maintained to record therein such data as name, age, length of service, education, experience, health, test results, training courses completed, psychological test results, performance appraisal results etc.

An analysis of such information will reveal the strengths and weaknesses of each executive in certain functions relative to the future needs of the organisation.

Step # 4. Planning Individual Development Programmes:

Guided by the results of the performance appraisal which reveal the strengths and weaknesses of each executive, the management is required to prepare planning of individual development programmes for each executive. According to Dale S. Beach, "Each one of us has a unique set of physical, intellectual, emotional characteristics. Therefore, a development plan should be tailor-made for each individual".

"It would be possible to impart knowledge and skills and mouldbehaviour of human beings, but it would be difficult to change the basic personality and temperament of a person once he reaches adult-hood stage".

Step # 5. Establishing Training and Development Programmes:

It is the responsibility of the personnel or human resource department to prepare comprehensive and well-conceived development programmes. It is also required to identify existing levels of skills, knowledge etc. of various executives and compare them with their respective job requirements.

It is also required to identify development needs and establish specific development programmes in the fields of leadership, decision-making, human relations etc. But it may not be in a position to organise development programmes for the executives at the top level as could be organised by reputed institutes of management.

In such circumstances, the management deputes certain executives to the development programmesorganised by the reputed institutes of management.

Further, the personnel or human resource department should go on recommending specific executive development programmes based on the latest changes and development in the management education.

Step # 6. Evaluating Development Programmes:

Since executive development programmes involve huge expenditure in terms of money, time and efforts, the top management of the organisation is naturally interested to know to what extent the programme objectives have been fulfilled. Such programme evaluation will reveal the relevance of the development programmes and the changes that have been effected by such programmes.

If the objectives of the programme have been achieved, the programme is said to be successful. But it is difficult to measure the changes or effects against the pre-determined objectives.

While the effect of certain programmes can be noticed only in the long-run in a more general way, the effect of certain other programmes may be noticed in the short-run in a specific way. Grievance reduction, cost reduction, improved productivity, improved quality etc. can be used to evaluate the effects of development programmes

12.9 FACTORS OF EXECUTIVE DEVELOPMENT :

A host of factors influence the executive development processes in organizations.

i. Failure to train the managers will lead to ineffective and inefficient managers who negatively affect the organization’s performance.

ii. In the absence of training and developmental avenues, the performing managers may get de-motivated and frustrated in leading the organizations. This would lead to severe losses for the organization in financial parameters, in terms of the cost of recruiting and training the new incumbent.

iii. The organizational performance may be affected by the loss of market shares, lower sales, reduced profitability, etc.

iv. The absence / shortage of trained and skilled managers makes it important for the organizations to have appropriate retention strategies. Training and development is being used by organizations as a part of their retention strategy.

v. The competitive pressures make it necessary for organizations to continuously roll out new products and services, and also maintain the quality of the existing ones. The training and development of managers would help them in developing the competencies in these areas.

vi. The competitive environment is making it imperative for the organizations to continuously restructure and re-engineer, and to embark upon these processes, it is essential for the organizations to train the managers for the new scenarios.

12.10 SUMMARY :

Knowledge management has become easy for implementation. In the traditional environment, sharing of intellectual resources and knowledge was a herculean task. Organizations had to prepare, print, and mail the circulars across the organization for the dissemination of information, which frequently led to the obsoleteness of information by the time the employees, because of the time gap, received it.Further, it was tough for the organizations to come up with strategies to continuously collect, update, and disseminate the information. Knowledge management has provided various forums such as Intranets, on-line discussion forums, expert panels, etc.

12.11 KEY WORDS :

Executive development – is considered as a systematic process of learning and growth through which executives gain and apply the knowledge, skills, and attitude to their jobs in the organisations efficiently and effectively

Public administration – is a vast sector which needs management attention, because this segment has a direct relevance to economic and social activity, for it brings functionaries into contact with the citizenry and the entrepreneurial class

Management development – programmes for all those who are engaged in positions above the supervisory level of operations.

12.12 SELF ASSESSMENT QUESTIONS :

1. Describe the Concept and objectives of Executive Development
2. Discuss the Need of Executive Development
3. Design the Principles and Importance of Executive Development
4. Explain the process and factors of Executive Development

12.13 SUGGESTED READINGS :

1. C.B. Mamoria& S.V. Gankar,Personnel Management (Text & Cases); HimalayanPublishing House, New Delhi 2010
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LESSON – 13

CAREER PLANNING AND DEVELOPMENT

LEARNING OBJECTIVES :

- ✓ The meaning of career planning and career paths
- ✓ To understand the Objectives And Purpose of Career Planning
- ✓ To know the Characteristics of Career Planning
- ✓ To study the Process of Career Planning
- ✓ To discuss the Pre - Requisites of Career Planning
- ✓ To know the Advantages of Career Planning

STRUCTURE OF THE LESSON :

13.1 Introduction

13.2 Definition of Career planning

13.3 Elements of Career Planning in HRM

13.4 Principles of Career Planning

13.5 Objectives of Career Planning

13.6 Purpose of Career Planning

13.7 Characteristics of Career Planning

13.8 Effectiveness of Career Planning

13.9 Phases of Career Planning for an Individual

13.10 Difference between the Manpower planning and Career Planning

13.11 Process of Career Planning

13.12 Salient Features of Career Planning

13.13 Prerequisites of Career Planning

13.14 Guidelines of Career Planning

13.15 Advantages of Career Planning

13.16 Summary

13.17 Key words

13.18 Self Assessment Questions

13.19 Suggested Readings

13.1 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 anemployee'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 fulfill 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 fulfill. 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.

13.2 DEFINITION 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.

13.3 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 up to higher level career.

13.4 PRINCIPLES OF CAREER PLANNING :

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.

13.5 OBJECTIVES OF CAREER PLANNING :

Career Planning in HRM – Need

- ✓ To provide suitable promotional opportunities to the employees who are really deserve for it.
- ✓ To attract competent capable, skilled trained candidate toward the company and to retain them in the organisation.
- ✓ To improve and increase motivation and morale among the employees.
- ✓ To enable the employees to develop themselves and keep them ready to meet the various future challenges.
- ✓ To correct employee placement if there are errors in placement of some employees.
- ✓ To optimize the utilization of managerial reserves within an organisation.
- ✓ To reduce employee dissatisfaction and turnover.

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. Work force becomes more stable in the event of low employee turnover. The fact that the organization 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 harnessed for organizational development. It helps in understanding of the relationship between personality and occupational / professional goals and how they can be aligned to organisational mission andobjectives.

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.

13.6 PURPOSE OF CAREER PLANNING :

Career planning seeks to achieve two purposes :

a) 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.

b) 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 dusters. 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 is 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.

13.7 CHARACTERISTICS OF CAREER PLANNING :

The main characteristics of career planning are as under :

i. 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.

ii. 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.

iii. 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.

iv. 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.

v. Continuous Process – Due to an ever changing environment career planning is a continuous process.

13.8 EFFECTIVENESS OF 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 demandroutine 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.

13.9 PHASES OF CAREER PLANNING FOR 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.

13.10 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 organization 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.

13.11 PROCESS OF CAREER PLANNING :

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 isasked 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".

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 personal 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.

13.12 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 organizational needs.

13.13 PRE-QUISITIES OF CAREER PLANNING :

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.

13.14 GUIDELINES OF CAREER PLANNING :

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 versality transfer in which an employee is transfer from one job to another to enable him to grain 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 soon.

13.15 ADVANTAGES OF CAREER PLANNING IN HRM :

There are several advantages of career planning given as under :

a) 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.

b) Training and development programme will highly maintain to the employees, because training will improve their potential capabilities.

c) Career plans and opportunities for advancement, enhances the morale of the employees.

d) Designing of an open, non-evaluative, performance appraisal system and its implementation makes the career planning work easier ad helps in assessment of promote ability of an employee and ascertaining the level of responsibility which an employee can execute.

e) Self-appraisal by employees is good in view of career prospects.

f) The methods and content of training programmes should be in accordance with the career prospects of employees.

g) 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

13.16 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.

13.17 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.

13.18 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.

13.19 SUGGESTED READINGS :

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LESSON – 14
JOB EVALUATION

LEARNING OBJECTIVES :

- ✓ To Know The meaning of job evaluation
- ✓ To Explain criteria of job evaluation
- ✓ To Understand process of job evaluation
- ✓ To Know Advantages and problems of job evaluation
- ✓ To Discuss the methods of job evaluation

STRUCTURE OF THE LESSON:

14.1 INTRODUCTION :

In every organisation good employee and employer relations, depends upon a proper wage and salary structure. In order to develop such a structure, it is necessary that, pay must be related with the nature and worth of the job. It is necessary to maintain proper differentials between compensation for various jobs. Pay differentials need to be related with differentials in the value of evaluation is a formal and systematic comparison of jobs in order to determine the worth of one job relative to another, so that a wage or salary hierarchy results. It is a process by which jobs in an organisation are appraised. Job evaluation begins with job analysis and ends up with the classification of jobs according to their worth. The purpose of job evaluation is to determine the basic wage rates for different jobs.

14.2 DEFINITION OF JOB EVALUATION :

The ILO defines job evaluation as "an attempt to determine and compare demands which the normal performance of a particular job makes on normal workers, without taking into account the individual abilities or performance of the workers concerned".

According to Edwin B. Flippo 'Job Evaluation is a systematic and orderly process of determining the worth of a job in relation to other jobs'. He further said that the objective of this process is to determine the correct rate of pay. It is therefore not the same as job analysis. Rather it should follow the job analysis process, which provides the basic data to be evaluated.
Kimball and Kimball define job evaluation as "an effort to determine the relative value of every job in a plant to determine what the fair basic wage for such a job should be".

According to Wendell French "Job evaluation is a process of determining the relative worth of various jobs within the organisation, so that different wages may be paid to jobs of different worth".

The relative worth of a job means relative value produced. The variables which are considered for value produced are responsibility, skill, effort and working conditions etc.

According to Dale Yoder "Job evaluation is a practice which seeks to provide a degree of objectivity in measuring the organisation value of jobs within organisation and among similar organisations".

From the above definitions, it becomes very clear that job evaluation is a method of finding out comparative worth of various jobs in the organisation, for fixing of wage rates to be paid for performing them. The important characteristics of job evaluation may be summarised as follows :

i) It tries to evaluate jobs, not people.

ii) Job analysis information is the basic criteria for job evaluation.

iii) Standards for job evaluation are relative and not absolute

iv) Job evaluations are carried out by groups of individuals.

v) Job evaluation is done to provide a basis for developing a sound wage structure.

14.3 OBJECTIVES OF JOB EVALUATION :

The objectives of job evaluation are as follows :

i) To secure and maintain accurate descriptions of each job in the firm.

ii) To eliminate wage inequalities.

iii) To establish a standard procedure for determining the relative worth of each occupation or job in the firm.

vi) To eliminate wage inequalities different jobs. The relative worth of a job can be judged with the help of job evaluation.

v) To develop a constant wage policy.

vi) To ensure the fair and equitable wages/salaries are paid to qualified employees.

vii) To provide a basis for wage negotiations with trade unions.

14.4 PRINCIPLES OF JOB EVALUATION :

In order to make the job evaluation programme more effective, there are certain principles to be taken into consideration while evaluating the job of employee. According to Kress, the following are the job evaluation principles.

i) Principle of Job Rating :

Rate the job not the man. Each element should be rated on the basis of what the job itself requires.

ii) Principle of Clarity :

The elements of job evaluation should be clearly defined and properly selected.

iii) Principle of Uniformity :

Any job rating plan should be applicable to all kinds of employees i.e, foremen and employees.

iv) Principle of Requisites :

The job evaluation purposes should be easily explainable at all levels without any overlapping.

v) Principle of Cooperation :

Job evaluation should obtain the maximum co-operation from employees when they themselves have an opportunity to discuss the job ratings.

vi) Principle of Participation: Foremen should participate in the rating of jobs in their own departments.

vii) Principle of Work Value :

While discussing to foremen and employees, any discussion of money value should be avoided.

Only point values and degrees of each element should be discussed.

14.5 PROCESS OF JOB EVALUATION :

The process of job evaluation involves the following steps.

1) Gaining Acceptance :

The first step in job evaluation is to gain the co-operation and support of top management, employees and trade unions, through communication and participation. The objects of job evaluation should be communicated in the form of conferences, letters and booklets.

2) Job Evaluation Committee :

A committee consisting of experienced and respected representatives of management, workers and outside experts should be constituted. Employees participation in job evaluation will reduce their doubts and suspicion about the job evaluation programme.

3) Selecting jobs to be evaluated :

Some key jobs may be selected in each department for job evaluation taking into consideration the time and money constraints.

4) Describing the jobs :

A written description of each job is prepared to indicate the duties and responsibilities in the job. The acceptance of the employee performing the job should be obtained. Job description should be thoroughly checked to ensure that there are no ommission and duplication in it.

5) Selecting the method of evaluation :

Out of several methods available for evaluating the jobs, the most appropriate method suitable to job and organisation is chosen. If necessary some times more than one method may be used to increase the accuracy of evaluation.

6) Weighting Job Factors :

A job is compared with other jobs in terms of significant factors. Which may be as follows :

(a) Skill-mental and manual
(b) Experience
(c) Efforts and initiative
(d) Working conditions
(e) Responsibilities to be undertaken
(f) Supervision required.

Weights are assigned to each job factor and total weights for a job indicate its relative value. Different jobs are arranged in the order of relative worth to the company.

7) Assigning Money Values :

Each job is priced in terms of its worth. The sequence of jobs in terms of their relative worth is related to a money scale.

8) Periodic Review :

A periodic review and revision of job descriptions will help to assuage the feelings of employees, who believe that their work was not properly evaluated. It will help the management to update job description in the light of technological and other changes.

14.6 ADVANTAGES OF JOB EVALUATION :

The following are the advantages of job evaluation :

i) Job evaluation is an objective method of ranking jobs. It is helpful in developing an equitable, rational and consistent wage and salary structure.

ii) Job evaluation reduces the doubts and grievances of employees relating to wages and improve industrial relations.

iii) Job evaluation helps in fixing new jobs also in the existing wage structure.

iv) Job evaluation helps in improving selection, transfer and promotion procedures on the basis of comparative job requirements.

v) Job evaluation simplifies wage administration by making wages more uniform.

vi) Job evaluation helps to solve the disputes relating to wage and salary problems.

vii) Job evaluation is very much useful to fix a basis for formulating and implementing bonus schemes.

viii) The data generated in job evaluation is very much useful in selection, placement and training of employees.

ix) Job evaluation is a realistic basis of wage fixation in the days increasing mechanisation and automation.

x) Job evaluation helps in job classification and work simplification.

14.7 LIMITATIONS OF JOB EVALUATION :

Job evolution is not free from limitations. The following are some of the problems of job evaluation :

i) Job evaluationis not fully objective and scientific. There is every possibility for subjective judgement and human error.

ii) In case of job evaluation the weights given to different factors may not be correct thus making their reliability questionable.

iii) The value of job evaluation depends upon appropriate selection of key jobs, job factors and assignment weightage points. Any mistake committed in this regard will adversely effect the usefulness of the system.

iv) Jobs, job content and job factors do not remain static. They do change overtime because of technological changes. Hence, job evaluation is a never ending process. It is a continuous programme, because the factors selected for job evaluation to-day may not remain valid for tomorrow.

v) Job evaluation takes long time to formulate and implement. So it requires the services of specialized technical personnel.

vi) Introduction of new job evaluation programme may require considerable changes in the present setup. These changes are costly and some times the concern may not bear this cost.

vii) Job evaluation is suitable to big concerns only because it is very expensive.

viii) Job evaluation introduces inflexibility. The demand and supply of labour is the main reason for wage differentials.

14.8 ESSENTIALS FOR SUCCESSFUL JOB EVALUATION PROGRAMME :

The following steps are essential to make the job evaluation programme successful :

i) The support of the top management people is the basic essential for job evaluation programme.

ii) All the employees should be provided with complete information about the objectives, programmes and techniques of job evaluation.

iii) Particularly the operating manager should be given training in fixing and revising the wages on the basis of job evaluation.

iv) Clear and accurate job descriptions should be prepared and jobs should be standarised before starting job evaluation programme.

v) The techniques used for job evaluation should be simple and easy to understand for employees.

vi) The factors selected for job evaluation should be measurable and should represent the job content.

vii) Job evaluation programme should not result in high cost of installation and administration.

viii) In job evaluation process the emphasis should be on rating the job but not the job holder.

ix) Job evaluation should not adversely affect the terms and condition of existing employment.

x) The acceptance and support of the trade union is another essential factor for successful job evaluation programme.

14.9 METHODS OF JOB EVALUATION :

Job evaluation involves the evaluating of various jobs in terms of certain factors like skill, experience, initiative, responsibility, supervision needed etc. Infect there is no standard classification of factors to be considered for job evaluation. There are four basic methods of job evaluation.

1) The Ranking System
2) The Grading or Job Classification System
3) The Points System
4) The Factor Comparison System.

The first two methods are popularly known as the non-analytical or non-quantitative systems of listing jobs. The last two systems are called the analytical or quantitative systems; because they use quantitative techniques in listing the jobs.

1. Ranking System :

Under ranking system all the jobs are arranged or ranked in the order of their importance from the simplest to the hardest, or in the reverse order, each successive job being higher or lower than mthe previous one in the sequence. It is not necessary to have job descriptions. In this method, a series of grades or zones are established and all the jobs in the organisation are arranged accordingly. A more common practice is to arrange all the jobs according to their requirements by rating them and then to establish the group or classification. The usually adopted technique is to rank the jobs according to “the whole job” rather than a number of compensable factors :

Merits :

Ranking method has the following advantages :

Principles of Personnel Management

i) this method is simple and easy to understand and easy to explain to employees (or a union).

ii) Ranking method is very economical and less time consuming.

iii) It involves little paper work.

Demerits :

This method has the following disadvantages :

i) It does not indicate the degree of difference between different jobs. It merely reveals that one job is more important than others.

ii) It involves subjective judgment, because a job is not analysed and key factors are not considered.

iii) The system merely produces a job order and does not indicate to what extent, it is more important than the one below it.

2. Job Classification (Or) Grading Method :

Under this system, a number of pre-determined grades or classifications are established by a committee and then the various jobs are assigned within each grade or class. Grade descriptions are the result of the basic job information which is usually derived from job analysis. After formulating and studying job descriptions and specifications, jobs are grouped into classes or grades which represent different pay levels ranging from low to high. Common tasks, responsibilities, knowledge and experience can be identified by the process of job analysis. Certain jobs may then be grouped together into a common grade or classification. General grade descriptions are written for each job classification and finally these are used as a standard for assigning all the other jobs to a particular pay scale.

Grading or classification method involves the following five steps :

i) The preparation of job descriptions, which gives us basic job information usually derived from job analysis.

ii) The preparation of job descriptions, so that different levels or grades of jobs may be identified. Each grade level must be distinct from the grade level adjacent to it. After establishing the grade level, each job is basis of the complexity of duties, non-supervisory responsibilities and supervisory responsibilities.

iii) Selection of grades and key jobs. About 10 to 20 jobs are selected, which include all the major departments and functions and cover all the grades.

iv) Grading the key jobs. Key jobs are assigned to an appropriate grade level and their relationship to each other studied.

v) Classification of all jobs. Jobs are classified by grade definitions. All the jobs in the same grade receive the same wage or range of rates. For example, menials may be put into one class; clerks in another. Class, Junior Officers in a higher class; and the top executives in the top class.

Merits :

i) This method is easy to understand and simple to operate

ii) It is more accurate and systematic than ranking method.

iii) It provides an opportunity to develop

iii) It provides an opportunity to develop a systematic organisation structure

iv) It is economical and suitable for small organisations also

v) Pay grades can be compared with those of other concerns. Grouping of jobs into grades simplifies wage administration.

vi) This method is used in government offices.

Demerits :

i) It is very difficult to write accurate and precise descriptions of job grades.

ii) Some jobs may involve tasks which overlap more than one grade. It is very difficult to classify such jobs in a particular grade.

iii) The system is rigid and personal judgement is involved in deciding job classes and assigning jobs to specific classes.

3) The Points System :

This method is most widely used type of job evaluation plan. It requires identifying a number of compensable factors (i.e. various characteristics of jobs) and then determining degree to which each of these factors is present in the job. A different number of points are usually assigned for each degree of each factor. Once the degree of each factor is determined, the corresponding number of points of each factor are added and an overall point value is obtained. The point system is based on the assumption that it is possible to assign points to respective factors which are essential for evaluating an individuals job. The sum of these points gives us an index of the relative significance of jobs that are rated. The procedure involved in point method is as follows :

i) Determine the job to be evaluated

ii) Select the factors (skill, efforts, responsibility, wage conditions etc) and sub-factors (education, experience, quality of output etc).

iii) Define the factors. The selected factors and sub-factors are defined clearly in writing.

iv) Determine the Degrees. Different degrees of each factor are decided and defined clearly.

v) Determine relative values of job factors. The relative value of various factors depends upon their significance to the job.

vi) Assign point values to degrees.

vii) Find point value of the job.

viii) Assign money values. Once the worth of a job in terms of total points is known, these are connected to money values keeping in view the prevailing wage rates.

Merits :

i) Point method is most comprehensive and accurate

ii) Assignment of point scores and money value is consistent, it minimises bias and human judgement.

iii) Point method facilitates systematic wage differentials.

Demerits :

i) Point method is complicated and an average worker cannot understand it easily.

ii) It is time consuming and expensive.

iii) Errors may occur if assigned point values are not realistic.

4. Factor Comparison Method :

Under this method, jobs are evaluated by means of standard yard sticks of value. It entails deciding which jobs have more of certain compensable factors than others. The evaluation committee selects some 'key' or 'benchmark' jobs for which there are clearly understood job descriptions and counterpart in other organisations and for which pay rates are such as are agreed upon and are acceptable, to both management and labour. Under this method, each job is ranked several times - once for each compensable factor selected. For example jobs may be ranked first in terms of the factor 'skill'. Then they are ranked according to their mental requirements. Next they are ranked according to their 'responsibility' and so forth. Then these ratings are combined for each job in an overall numerical rating for the job.

The major steps in this system consist of the following :

i) clear cut job descriptions and specifications are developed.

ii) the key jobs under study are selected.

iii) Ranking of 'key' jobs

iv) The basic pay for each 'key job' is allocated to each factor.

v) Comparing all jobs with key jobs.

vi) Establishing the monetary unit value for all jobs.

Merits :

i) It is a more analytical and objective method.

ii) This method is more flexible as there is no upper limit on the rating of a factor.

iii) It is more reliable and valid

iv) Money values are assigned in a fair and objective manner depending on factor rankings.

Demerits :

i) It is difficult to understand and operate.

ii) It is time consuming and expensive one.

iii) The use of present wage rates for key jobs may lead to error in the beginning. As the contents and values of key jobs change over time, errors may arise in future.

14.10 SUMMARY :

Job evaluation is a systematic technique of ascertaining the relative worth of different jobs in an organisation. Job evaluation uses the information in job analysis to determine the value of each job in relation to all the jobs within the organisation. It helps to design a rational wage and salary structure. Ranking Method, Grading Method, Point Method and Factor Comparison method are the various basic methods of job evaluation. Job evaluation has certain limitations also.

14.11 KEY WORDS :

Job Evaluation : Systematically determine the valve of each job in relation to all jobs within the organisation by using the job analysis information.

Equity : A situation in which no one has an unfair advantage over the other.

Equitable : Treating everyone in equal way.

14.12 SELF ASSESSMENT QUESTIONS :

1. Define job evaluation and explain its objectives?
2. Explain the process of job evaluation?
3. Discuss the importance and limitations of job evaluation?
4. Explain the various methods of job evaluation?
5. What are the essentials for successful job evaluation program?

14.13 SUGGESTED READINGS :

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LESSON – 15
PERFORMANCE APPRAISAL

LEARNING OBJECTIVES :

- ✓ To know the Purpose of Performance Appraisal
- ✓ To Making Performance Appraisal More Effective
- ✓ To understand the Evaluation Techniques
- ✓ To Discuss the Evaluation Methods for Employee: A Quick Primer
- ✓ To Examine Methods of Performance Appraisal

STRUCTURE OF THE LESSON :

15.1 What is Performance Appraisal

15.2 Purpose of Performance Appraisal

15.3 Process of Performance Appraisal

15.4 Making Performance Appraisal More Effective

15.5 Evaluation Techniques

15.6 Evaluation Methods for Employee: A Quick Primer

15.7 Methods of Performance Appraisal

15.8 Summary

15.9 Keywords

15.10 Self Assessment Questions

15.11 Suggested Readings

15.1 INTRODUCTION :

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 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 :

1. To review the performance of the employees over a given period of time.
2. To judge the gap between the actual and the desired performance.
3. To help the management in exercising organizational control.

4. Helps to strengthen the relationship and communication between superior – subordinates and management – employees.
5. To diagnose the strengths and weaknesses of the individuals so as to identify the training and development needs of the future.
6. To provide feedback to the employees regarding their past performance.
7. Provide information to assist in the other personnel decisions in the organization.
8. Provide clarity of the expectations and responsibilities of the functions to be performed by the employees.
9. To judge the effectiveness of the other human resource functions of the organization such as recruitment, selection, training, and development.
10. 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 appraise.
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 provide 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.

15.2 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 apraisal 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)

15.3 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.

15.4 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 anlyse 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 mosteffective way to prepare managers and supervisors to conduct successful employee appraisal Topics normally included in appraisal training are :

Purpose of performance appraisal.

a) How to avoid problems like halo, bias, central tendency, and so on.

b) How to conduct nondiscriminatory appraisals.

c) How to conduct effective appraisal interviews.

15.5 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.

15.6 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.

a) Ranking method

b) Paired comparison

c) Grading

d) Forced distribution method

e) Forced choice method

f) Checklist method

g) Critical incidents method

h) Graphic scale method

i) Essay method

j) Field review method

k) Confidential report

- Management by Objectives (MBO)
- Behaviourally Anchored rating scales
- Assessment centers
- 360-degree appraisal
- Cost accounting method

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.

15.7 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.

15.8 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.

15.9 KEYWORDS :

Quality and quantity of work : Accuracy, thoroughness, productivity, and goal attainment.

Communication and interpersonal skills : Teamwork, cooperation, listening, persuasion, and empathy.

15.10 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?

15.11 SUGGESTED RREADINGS :

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LESSON – 16
COMPENSATION

LEARNING OBJECTIVES :

- ✓ To understand the Concept of Compensation
- ✓ To study the Types of Compensation
- ✓ To Learn the Methods or Factors of Compensation

STRUCTURE OF THE LESSON :

16.1 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 a rising from their employment." The phrase 'all forms of pay' in the definition does not include nonfinancial 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.

16.2 THE CONCEPT OF COMPENSATION :

Compensation refers to a wide range of financial and nonfinancial rewards to employees for their services rendered to the organization. It is paid in the form of Compensation 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.

16.3 COMPONENTS OF COMPENSATION :

16.3.1 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.

16.3.2 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.

16.3.3 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.

16.3.4 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 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.

16.4 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.

16.4.1 Commissions :

Commission to managers and employees may be based on the sales revenue or profits bof 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.

16.4.2 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.

16.4.3 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.

16.4.4 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

Efficient and capable people in the organization over a long period. They foster loyalty and acts as security base for the employees.

16.4.5 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.

16.5 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.

16.5.1 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.

16.5.2 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

16.5.3 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.

16.5.4 Conveyance :

Organizations provide for cab facilities to their employees. Few organizations also provide vehicles and petrol allowances to their employees to motivate them

16.5.5 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.

16.5.6 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.

16.5.7 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.

16.5.8 Special Allowance :

Special allowance such as overtime, mobile allowances, meals, commissions, Travel expenses, reduced interest loans; insurance, club memberships, etc are provided to Employee sto 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.

16.5.9 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.

16.5.10 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.

16.5.11 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 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 Compensation 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

16.6 METHODS OR FACTORS OF COMPENSATION :

16.6.1 External Factors Demand and Supply of Labour :

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.

16.6.1 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 hereby 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.

16.6.2 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.

16.6.3 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.

16.6.2 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 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.

4) 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.

5) 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 disported by the supervisor Thus, a sound and objective compensation system may be destroyed by organizational politics.

16.7 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.

16.8 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.

16.9 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

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LESSON – 17

INTERNATIONAL HUMAN RESOURCE MANAGEMENT

LEARNING OBJECTIVES :

- ✓ To Know the Concept and Need of IHRM
- ✓ To understand the Role of IHRM
- ✓ To Discuss the Dimensions of IHRM
- ✓ To focus on the Recruitment policy of IHRM
- ✓ To Study the challenges and issues of IHRM

STRUCTURE OF THE LESSON :

17.1 INTRODUCTION :

International human resource management bears both functional and strategic resemblance to human resource management. Functionally it performs almost the same set of activities as human resource management – recruitment, selection, performance management, compensation, training, industrial relations, career management etc. Strategically international HRM is closely linked to the business strategy of the organization.

Hence international human resource management can be defined as the set of activities involved in hiring, managing performance, compensation, training and relations with employees hired to manage internal operations of a company, with a view to ensure the success of their international business and strategies.

International human resource management differs from domestic human resource management primarily in terms of the complexity associated with managing people across national boundaries.

International human resource management deals with at least three types of employees based on their country of origin:

1. Parent-Country Nationals (PCNs) – Employees belonging to the country where a company's headquarters are located are called as parent-country nationals or home country nationals.

2. Host-Country Nationals (HCNs) – Employees belonging to country where the company has set up a subsidiary or a manufacturing facility are called host- country nationals.

3. Third-Country Nationals (TCNs) – Employees who work in the home or host country facility of the company but are not nationals of either are called third- country nationals.

International HRM also means dealing with issues related to different countries, expatriation, repatriation, cross-cultural issues etc.

Dowling (1999) attributed to six factors that differentiate international from domestic HRM:

1. Wide range of HR activities.
2. Need for a broader perspective.
3. More Involvement in personal life of the employee.
4. Responsiveness to changes in staffing requirements as international strategy changes.
5. Higher risk exposure.
6. More external influences.

17.2 DEFINITION OF IHRM :

International Human Resource Management – Definition : As Defined by Pulapa Subba Rao International human resource management (IHRM) is the process of procuring, allocating, and effectively utilizing human resources in a multinational corporation. If the MNC is simply exporting its products, with only a few small offices in foreign locations, then the task of the international HR manager is relatively simple.

However, in global firms human resource managers must achieve two somewhat conflicting strategic objectives. First, they must integrate human resource policies and practices across a number of subsidiaries in different countries so that overall corporate objectives can be achieved.

Pulapa Subba Rao defines international human resource management as, performing HRM and its related activities and arranging for related and necessary immigration facilities for prospective and current expatriate employees, by organizations operating in domestic and/or foreign countries.

At the same time, the approach to HRM must be sufficiently flexible to allow for significant differences in the type of HR policies and practices that are most effective in different business and cultural settings.

Organizations like Procter & Gamble, IBM, Pepsi and Coca Cola have had extensive International experience and their success can only be attributed to their capability of constantly deploying the right people at the right place, facilitating knowledge and innovation dissemination and constantly identifying and developing talents on a global basis.

Thus for Ford which has a global HR perspective “The company requires understanding different cultures, what motivates people from different societies, and how they are reflected in the structure of international assignments”.

17.3 CONCEPT OF IHRM :

International HRM is the process of acquiring, allocating, and utilizing human resources in a global business to achieve the stated objectives. Because of global context, international HRM is the interplay of three dimensions- HR activities, type of employees, and countries of operations.

The three dimensions of international HRM are described here briefly :

1. There are three broad activities in international HRM — procuring, allocating, and utilizing employees for international operations. These three broad activities cover all HR functions which are relevant for domestic operations and discussed in different parts of the text.

2. There are three types of employees in a multinational firm based on their place of origin — parent country nationals, host country nationals, and third country nationals. Parent country nationals (PCNs) are those whose origin is the country where the firm’s headquarters are located.

Host country nationals (HCNs) are those whose origin is the country where the firm’s operations are located. Third country nationals (TCNs) are those whose origin is a country which is neither the home country nor the host country.

3. There are three types of countries involved in international HRM activities — home country, host country, and third country. Home country is the country of origin of the firm. Host country is the country in which operations of the firm are carried on. For a single firm, there may be many host countries. Third country is a country from where resources — human and other resources — are procured. There may be many third countries.

17.4 NEED OF IHRM :

HRM activities are performed in a particular context. It implies that either different HRM activities may be required in a global firm as compared to the domestic firm or even if the HRM activities remain the same, there may be difference in the way of performing these activities.

There are four major contextual variables because of which HRM activities in a global firm differ from a domestic firm, hence the need for international HRM. These are cultural diversity, workforce diversity, language diversity, and economic diversity. Let us go through these variables and see how they affect HRM practices.

17.4.1 Cultural Diversity :

Culture of a country is one of the key factors which affect people-oriented processes, and HRM is a people-oriented process. Therefore, culture of a country has very significant impact on HRM practices. When we consider global perspective of HRM, we find cultural diversity along the globe, that is, cultures of two countries are not alike.

Cultural diversity exists on five dimensions- individualism versus collectivism, power orientation, uncertainty avoidance, masculinity versus femininity, and time orientation. Let us see how these dimensions affect human behaviour and, consequently, work practices.

1. Individualism versus Collectivism :

People differ in terms of individualism and collectivism. Individualism is the extent to which people place value on themselves; they define themselves by referring themselves as singular persons rather than as part of a group or organization. For them, individual tasks are more important than relationships. Collectivism is the extent to which people emphasize the good of the group or society.

They tend to base their identity on the group or organization to which they belong. Countries that value individualism are USA, Great Britain, Australia, Canada, Netherlands, and New Zealand. Countries that value collectivism are Japan, Columbia, Pakistan, Singapore, Venezuela, and Philippines.' India may be placed near to collectivism.

2. Power Orientation :

Power orientation, also known as orientation to authority, is the extent to which less powerful people accept the unequal distribution of power; people prefer to be in a situation where the authority is clearly understood and lines of authority are never bypassed. On the other hand, in a culture with less orientation to power, authority is not as highly respected and employees are quite comfortable circumventing lines of authority to accomplish jobs.

3. Uncertainty Avoidance :

Uncertainty avoidance, also known as preference for stability, is the extent to which people feel threatened by unknown situations and prefer to be in clear and unambiguous situations. In many countries, people prefer unambiguity while in many other countries, people can tolerate ambiguity.

4. Masculinity versus Femininity :

Masculinity or femininity, also known as degree of assertiveness or materialism, is the extent to which the dominant values in a society emphasize aggressiveness and the acquisition of money and material goods, rather than concern for people and overall quality of life.

In societies having masculinity characteristics, more emphasis is placed on ego goals such as career, money, etc., while in societies having femininity characteristics, more emphasis is placed on social goals such as relationships, helping others, etc.

5. Time Orientation :

Time orientation dimension divides people into two categories- long- term orientation and short-term orientation. People having long-term orientation focus on future, prefer to work on projects having a distant payoff, and have persistence and thrift. People having short-term orientation are more oriented towards past and present and have respect for traditions and social obligations.

The basic implication of cultural diversity is that same set of HRM practices is not suitable for all cultures; consideration has to be given about matching HRM practices with cultural characteristics of the countries concerned.

17.4.2 Workforce Diversity :

Workforce diversity is increasingly becoming common for large organizations even for domestic ones. However, in a global firm, additional workforce diversity emerges because of hiring personnel from different countries.

A typical global firm may draw its employees from three types of countries — home country (PCNs), host country (HCNs), and third country (TCNs). In a global firm, workforce diversity can also be seen in the context of employee mobility from one country to another country for performing jobs.

On this basis, an employee can be put in one of the following categories :

1. Expatriate — a parent country national sent on a long-term assignment to the host country operations.

2. Inpatriate — a host country national or third country national assigned to the home country of the company where it is headquartered.

3. Repatriate — an expatriate coming back to the home country at the end of a foreign assignment.

Workforce diversity implies that various categories of employees not only bring their skills and expertise but also their attitudes, motivation to work or not to work, feelings, and other personal characteristics. Managing such employees with pre-determined HRM practices may not be effective but contingency approach has to be adopted so that HRM practices become tailor-made.

17.4.3 Language Diversity :

Language is a medium of expression but employees coming from different countries have different languages. Though English is a very common language, it does not serve the purpose adequately as it does not cover the entire world. While employees coming from different countries may be encouraged to learn the language of the host country for better dissemination of the information, it does not become feasible in many cases.

An alternative to this is to send multilingual communications. It implies that anything transmitted to employees should appear in more than one language to help the message get through. While there are no hard- and-fast rules in sending such messages, it appears safe to say that such a message should be transmitted in the languages the employees understand to ensure adequate coverage.

17.4.4 Economic Diversity :

Economic diversity is expressed in terms of per capita income of different countries where a global company operates. Economic diversity is directly related to compensation management, that is, paying wages/salaries and other financial compensation to employees located in different countries.

One of the basic principles of paying to employees is that "there should be equity in paying to employees." However, putting this principle in practice is difficult for a global company because its operations are located in different countries having different economic status. In such a situation, some kind of parity should be established based on the cost of living of host countries.

Diversity of various types in a global firm suggests that HRM practices have to be tailor- made to suit the local conditions.

International Human Resource Management – Various Roles Suggested by Researchers

The HR strategy and the degree of internalization determine the role or roles that HR assumes upon itself.

Various international human resource management roles suggested by various researchers are :

17.5 ROLE OF IHRM :

1. Champions of Processes :

This roles encompasses :

a. Building commitment of the senior leadership.

b. Training managers.

c. Monitoring HR processes.

2. Guardian of Culture :

This includes :

a. Supervision and management of implementation of global values and systems.

b. Ensuring future leaders are sensitive and equipped to deal with global challenges.

3. Effective Political Influencer :

It means :

a. Understanding internal labour market where a subsidiary is located.

b. Managing the internal labour market for the global managers.

4. Network Leadership :

It includes :

a. Building strong internal and external networks.

b. Keeping abreast with latest trends and developments.

c. Mobilizing resources to staff project teams effectively.

5. Builder :

This includes :

a. Articulating various International HR management basics.

b. Developing basic internal HR management practices at the beginning of internalization.

6. Change Partner :

This means :

a. Continuously calibrating human resource management practices as the external environment changes.

b. To enable the MNC to be agile in terms of its HR practices to meet the challenges of the environment and cash-on the business opportunities.

7. Navigator :

It encompasses :

a. Competency development of the people and developing a competent organization.

b. Balancing between long-term and short-term plans and goals.

c. Balancing between global integration and local responsiveness.

d. Balancing between change and status quo in an global environment

17.6 DIMENSIONS OF IHRM :

Although the major activities of human resource management as practiced in international organizations, their scope, responsibilities, and authority may vary according to the size of the subsidiary. The policy making section may study the local situation and generate a report which will then submitted to the top management for approval. They themselves may not have the authority to formulate such policies.

International Human Resource Management – Morgan's Model of International Human Resource Management

Morgan (1986) had developed a unique model to depict how IHRM works. He asserted that IHRM basically is comprised of three components, namely-

1. The wide spectrum of HR activities particularly with reference to the added responsibilities of the international HR managers in terms of managing cultural diversity and developing international executives.

2. The National/Country specific people and cultural categories involved in IHR activities and lastly

3. Types of international employees deployed in various international organizations.

1. HR Activities :

The HR activities on an International perspective can be broadly depicted as those of procurement, allocation and utilization of human resources in the organization. These activities include international human resource planning, staffing (recruitment, selection, induction and placement), performance management, training and development, compensation and reward management and managing international employee relations and industrial relations.

These HR activities with respect to an international scenario have a broad spectrum mainly in terms of the complexity created by country differences, level of control, cultural differences and so many factors influencing the international business environment.

2. Country Categories Involved in IHRM :

The model further depicts that in an international perspective three types of country categories may be involved, namely-

a. The host country where the subsidiary could be located or be operating.

b. The home country where the MNC/International firm could be headquartered.

c. The "third-country" from where employees, capital and other resources like technology or logistics could be availed or procured by the organization.

3. Employee Categories Involved in IHRM :

Depending on the above country categories, the employees in an international perspective could be broadly classified as under:

a. Host Country Nationals (HCNs) representing the employees hired from the host country.

b. Parent Country Nationals (PCNs) representing the employees expatriated to the foreign subsidiary from the home country of the MNC.

c. Third Country Nationals (TCNs) representing the employees deployed from third/other countries other than that of the home country of the MNC.

11.7 RECRUITMENT POLICY OF IHRM :

Companies operating outside their home countries, essentially, follow three ways of hiring executives :

1. Ethnocentrism :

It is a cultural attitude marked by the tendency to regard one's own culture as superior to others. Sending home country executives abroad – thinking that they will be able to deliver the goods – may be an appropriate strategy in the initial stages of expanding company operations worldwide as these officials know what to do immediately. At Royal Dutch Shell, for instance virtually all financial controllers around the world are Dutch nationals.

Often the other reasons advanced for ethnocentric staffing policies include- lack of qualified host country managerial talent, a desire to have a unified corporate culture, tight control and the keenness to transfer the parent company's core competencies (say, a specialised design skill) to a foreign subsidiary more expeditiously.

However, a policy of ethnocentrism is too narrow in its focus and may evoke strong negative reactions from local executives whose upward mobility is blocked.

There is also no guarantee that the expats will win over the hearts of local employees and offer positive contributions. In fact, failures of US expats range from 10% to 15%. European and Japanese expat failures are equally alarming, the costs of each such failure running to several thousands of dollars.

Too often expats are selected on the strength of their domestic track record. They are posted abroad without requisite cross-cultural training. The family factors stand completely discounted in the selection process. The rate of failures could be drastically reduced if these issues are properly addressed.

2. Polycentrism :

In the polycentric corporation, there is a conscious belief that only host country managers can ever really understand the culture and behaviour of the host country market; therefore, the foreign subsidiary should be managed by local people. The home-office headquarters, of course, is staffed by parent-country nationals.

Hiring nationals has many advantages. It eliminates language barriers, expensive training periods, cross-cultural adjustment problems of managers and their families.It also permits the firms to attract talented locals by offering an attractive compensation package. Many western MNCs have found that the key to success on foreign soil is to employ local people.

Analog Devices Inc. has achieved global success in a highly technical field by picking up local managers, training them extensively and then empowering them to hire and manage more local talent. Likewise, global sales of Bausch & Lomb improved dramatically after putting the local managerial talent to good use.

3. Geocentrism :

Geocentrism assumes that management candidates must be searched on a global basis, without favouring anyone. The best manager for any specific position anywhere on the globe may be found in any of the countries in which the firm operates. Such a staffing policy seeks the best people for important jobs throughout the organisation, regardless of nationality. It helps to build a stronger and more consistent culture and set of values among the entire global management team.

'Team members here are always interacting, networking and building bonds with each other, as they move from assignment to assignment, around the globe and participate in global development activities'. Colgate-Palmolive is an example of a company that hires the best person for the job regardless of nationality. It has been operating globally for more than 55 years, and its products are household names in more than 175 countries.

Fully 60 per cent of the company's expatriates are from countries other than the Unites

States and two of its last four CEOs were not US nationals. Moreover, all the top executives speak at least two languages and important meetings routinely take place all over the globe.

17.8 CHALLENGES OF IHRM :

According to P. V. Morgan, International HRM is the result of an interplay among the three dimensions — human resource activities, types of employees and countries of operation. The complexities of operating in various countries and employing different national categories of workers is an important variable that differentiates domestic and international HRM, rather than any major differences between HRM activities performed.

Broadly stated, IHRM is "the process of procuring, allocating and effectively utilising human resources in a multinational corporation ". When compared to domestic human resources management, the scope of IHRM is very wide.

For example, while compensating people in India, the American MNC must keep in mind the expectations of locals, the competitor's compensation structure, taxation problems of repatriates, TCN's aspirations and a host of other issues that have a bearing on the psyche of employees possessing different skills and having different cultural backgrounds (both within and outside the country).

IHRM, thus, requires a much broader perspective, encompasses a greater scope of activities and is subject to much greater challenges than is domestic HRM.

International HRM can be a challenging exercise because of fairly obvious reasons:

I. Integration Issues :

It is difficult to push the right button at the right time, especially when managers operate from headquarters separated by distance. Controlling operations of subsidiary companies in different parts of the globe through remote control can be really taxing — especially in coordinating effort and put the same on track in sync with the established policies of a company.

II. Heterogeneous Functions :

International HRM can be very challenging when one takes a look at what international HR managers are supposed to handle in terms of variety and complexity — including issues relating to international hiring, placement, culture-specific training, compensation relating problems, administrative services to expatriates, carrying out appraisals from time to time, offering growth opportunities to the talented ones, putting out fires with labour, resolving conflicts and maintaining health labour-management relations, etc.

The employees sent abroad on an assignment need to be taken care of in a special way. Their families too need to be taken care of including medical, educational, insurance, transportation benefits, etc. HR issues relating to the above are going to be impacted by a variety of factors which demand a closer examination.

17.9 ISSUES OF IHRM :

Some of the more basic issues involved in pertinent areas of global human resource management are explained below:

1. Staffing, Recruitment and Selection :

There are basically three ways to meet the requirements of manpower in foreign ventures. First, a foreign company may send persons of its home country to manage its affairs in the host country. Second, it can hire people of the host countries to meet its human resource requirements there. Third, it can also utilise the services of third country nationals. International HRM is now accepted as the key source of competitive advantage for international business.

In all cases, there have emerged certain norms regarding basic characteristics in international staffing. These are as follows –

(i) cultural adaptability,

(ii) strong communication skills,

(iii) technical competence,

(iv) professional expertise,

(v) global experience,

(vi) inter-personal skills,

(vii) family flexibility and

(viii) country or region specific considerations.

Most of the multinational companies vie with each other to recruit candidates for technical and managerial positions from highly reputed technical and management institutes offering them lucrative compensation packages and try to retain the services of the most talented ones.

Some of the advantages of staffing from the home country nationals are as follows –

(i) greater control over activities of the organisation,

(ii) acquisition of experience in local markets;

(iii) greater efficiency in implementing business strategy and

(iv) adequate understanding of culture of the host country.

The disadvantages include the following –

(i) difficulty in adoption to the foreign environment,

(ii) problems of family adjustability and

(iii) friction resulting from language barriers.

The major advantages of staffing from amongst the host country nationals are as follows –

(i) elimination or reduction of language barriers;

(ii) better understanding of host country's laws and regulations;

(iii) reduction of hiring cost and

(iv) reduced compensation package.

The disadvantages include –

(i) poor understanding of business objectives of host-country organisation and

(ii) possibility of biases and favouritism in appointments.

The advantages of third country nationals in staffing are as follows –

(i) better equipped with the use of international perspectives and

(ii) possibility of low cost of hiring.

Disadvantages are as follows –

(i) poor understanding of political situations and national hostilities and

(ii) resistance from the government and local people and functionaries in the organisation.

In India, major requirements of various categories of manpower needed by foreign companies are met by the people of the country itself. India has a bountiful of software engineers and analysts, technical and managerial personnel with adequate expertise and specialisation, skilled and unskilled workers. Most of the foreign MNCs operating in India utilise the services of the local people to manage their businesses in the country.

The use of information technology, Internet and the services of specialised and professional organisations have considerably made the task of hiring easy and convenient. Only in the case of top positions, the foreign companies generally prefer to fill them by personnel of their home countries.

Foreign companies having their business in India also have the advantage of not facing the rigours of laws related to management of human resources such as the Civil Rights Act of the USA, compulsions of co-determination of Germany and a few European countries and compulsory collective bargaining as in existence in the USA and a few European countries. Besides, they do not have to face the problems of visa restrictions, rigid immigration laws and regulation of supplies.

There are, however, legal constraints on dismissing, discharging, retrenching or otherwise separating specified categories of employees under the Industrial Disputes Act, 1947. Besides, most of these countries do not have to face problems of language and skill and expertise of personnel needed for manning positions at various levels. These companies also have the advantage of outsourcing of specific operations, the facilities of which are in abundance in the country.

The Indian companies having their businesses abroad do not have to face many problems in recruitment and selection of suitable candidates for their enterprises as a sufficient number of qualified and competent people with managerial and technical skills and specialisation are available in the country for foreign assignments.

They can conveniently be sent to countries having English as the major language. Many of the Indian students acquire efficiency in different foreign languages, which do not only enhance their career prospects, but also contribute to the success of the enterprises in the host countries.

Only in a few cases, both the Indian and foreign companies avail of the services of third-country nationals.

2. Training and Development (T&D) :

Training and Development is an important area which calls for special attention in international human resource management. Although a sufficient number of qualified people with requisite academic background is available in India, they need suitable training to develop skills and capabilities commensurate with requirements of jobs assigned to them.

Different foreign and Indian companies have their own specific areas of operations, and their needs for equipping employees with essential capabilities vary. In the situation of fierce competition among firms, it becomes imperative for them to keep their employees at the level of maximum efficiency.

It is the task of training and development programmes to ensure that employees at all levels of organisational hierarchy are effectively trained and developed keeping organisation's objective at the forefront. Some more notable areas of T&D programmes in international businesses comprise the following –

(i) language efficiency,

(ii) understanding of the social and political environment of the host countries;

(iii) awareness of the cultural and social environment;

(iv) adaptability to changing situations;

(v) efficiency in the use of the computers, Internet and other electronic devices and

(vi) the needs of employees' career development.

As the extent and dimension of competition, technology job requirements, market conditions and government policies change, so also it is necessary to arrange for suitable training programmes on a continuing basis. Some of the methods used for training of managers and executives in international perspective comprise job rotation training, simulation, conferences, case study and Internet-based training.

Many reputed companies have started laying increasing emphasis on professional development in order to enable employees to achieve their carrier-related goals. T&D programmes must also cover proper understanding of legal framework of the host countries including labour and social security laws and those related to compensation and personnel matters.

3. Compensation :

In international human resource management, compensation issues are of vital importance. Companies engaged in foreign businesses must offer lucrative compensation packages to all categories of employees in order to attract and retain talented and competent personnel.

It must also be emphasised that labour cost has increasingly become an important component of the total cost of business operations. Although the use of improved technology in various areas of business activities has tended to replace manpower by electronic and other devices, the total expenditure on wages and salaries has continued to rise.

While formulating compensation policies and determining compensation packages, it is necessary to give due consideration to the standard of living, prevailing rates of remuneration, statutory regulation of wages and fringes benefits, cost of medical care and income tax laws of the host countries. People of various countries prefer to work in gulf countries as their emoluments are income-tax free.

Labour laws of many countries also lay down minimum standards related to paid holidays, vacation time pay, maximum daily and weekly hours, minimum rates of wages statutorily fixed, liability of the employers in regard to social security benefits and payment of gratuity and bonus. As there are wide variations in practices in different countries of the world, international human resource management must take into account the implications of these variations.

Other pertinent aspects that deserve particular attention in international compensation management, especially in regard to higher positions, include the following – remuneration paid by competing firms; consistency with international standards; need for career development of employees; simplicity in administration; and stability in the retention of talents with a view to maintain the services of talented and indispensable executives. Many MNCs have started offering stock ownership and equity-based compensation, long-term incentives, profit-sharing and team-based remuneration to them.

4. Performance Appraisal :

Regular performance appraisal of various categories of functionaries in foreign business is also important in international human resource management. It is rather very difficult for the home- country management to evaluate performance of employees working abroad. The task of performance appraisal of such employees may be entrusted to competent appraisers of the host country.

However, the home-country management may formulate guidelines and lay down the standards for key jobs. Certain guidelines for appraisal may be related to objectives of assignment, emphasis on quantifiable measurement for the assignment, converting qualitative behaviour into quantifiable measurements, evaluating employees' performance on these measurements and making calculations of return on investment (ROI).

It is always desirable to provide feedback which can be helpful in making appraisal objective and transparent. Foreign companies sometimes have to face the problem of biases and prejudices by host-country appraisers, impact of unforeseen situations and also group-pressures. Many foreign companies have started increasing adoption of 360° appraisal. Email has generally been helpful in making both the appraiser and appraisee aware of the relevant issues in performance appraisal.

Certain Other Areas in International Human Resource Management :

A specific area deserving attention in international human resource management is the standards set by international and regional organisations in regard to the use of human resources. A particular mention may be made of the role of the ILO, European Union, (EU), South Asian Association for Regional Cooperation (SAARC), Association of South East Cooperation (APEC) and BRICS (Brazil, Russia, India, China and South Africa).

The ILO creates international standards of labour in the forms of Convention and Recommenda-tion. Conventions are obligation-creating instruments. The member states ratifying a Convention are under the obligation to give effect to its provisions by enacting labour law or under collective agree-ment or in other ways. The MNCs operating in foreign countries must abide by the provisions of ratified Conventions as embodied in labour law, collective agreement or other instruments.

Similarly, the European Union also creates norms in various areas related to the use of human resources in the member countries. Some of these norms are related to industrial relations, workers' participation in management and rights and obligations of employers and unions. Some of the norms adopted by or-ganisations in the Asian countries also have direct or indirect relevance to the use of human resources.

The areas of activities in domestic and international human resource management are not dissimilar, but the international HRM requires revamping and modifying them taking into account the dissimilarities in the cultural, political, economic and legal environment of the countries in which they operate.

17.10 SUMMARY :

We concluded that the complexity involved in operating in different countries and employing different national categories of employees is a key variable differentiating domestic and international HRM, rather than any major differences between the HR activities performed. We also discussed four other variables that moderate differences between domestic and international HRM: the cultural environment; the industry (or industries) with which the multinational is primarily involved; the extent of reliance of the multinational on its home-country domestic market; and the attitudes of senior management.

17.11 KEY WORDS :

Ethnocentrism : It is a cultural attitude marked by the tendency to regard one's own culture as superior to others. Sending home country executives abroad – thinking that they will be able to deliver the goods – may be an appropriate strategy in the initial stages of expanding company operations worldwide as these officials know what to do immediately

Polycentrism : In the polycentric corporation, there is a conscious belief that only host country managers can ever really understand the culture and behaviour of the host country market

Geocentrism : Geocentrism assumes that management candidates must be searched on a global basis, without favouring anyone. The best manager for any specific position anywhere on the globe may be found in any of the countries in which the firm operates

17.12 SELF ASSESSMENT QUESTIONS :

1. What are the main similarities and differences between domestic and international HRM?
2. Define these terms: international HRM, PCN, HCN and TCN.
3. Discuss two HR activities in which a multinational firm must engage that would not be required in a domestic environment.
4. Why is a greater degree of involvement in employees' personal lives inevitable in many international HRM activities?

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LESSON – 18

CROSS CULTURAL CONTEXT OF IHRM

LEARNING OBJECTIVES :

- ✓ To study the definition of culture
- ✓ To Understand the Crosscultural Management studies
- ✓ To Discuss the Culture Dimensions of Globe Study
- ✓ To Analyse the Dimensions of Cultural Differences

STRUCTURE OF THE LESSON :

18.1 INTRODUCTION :

The first contributions to cross-cultural management research were made in the early 1960s.Engagement in this subject area was prompted by the increasing international complexity of theglobal economy and the resulting problems experienced by managers when dealing with employees and with customers and suppliers in various host countries. The resulting unforeseen conflictsand low performance of many foreign business enterprises began to create doubts about theassumption that management research and knowledge from the English-speaking world wasreadily transferrable to other countries and cultures. This problem was initially the focus of research in US universities and is now studied at business schools and universities around theworld, which has led to the well-established broad research field of International Business.

The goals of cross-cultural management studies include :

1. Description of organizational behavior within countries and cultures
2. Comparison of organizational behavior between countries and cultures
3. Explanation and improvement of interaction between employees, customers, suppliers or businesspartners from different countries and cultures.

The common feature of cross-cultural management research is the basic assumption that thereare differences between management practices in various countries and that the respective environment is of particular significance in explaining these differences. This perspective rejects theapproach of researchers who assume universal transferability of management knowledge – i.e. auniversalistic, culture-free approach to management.

Cross-cultural studies have often been the focus of substantial debate and criticism. The ratheratheoretical foundations of some cross-cultural research and methodological weaknesses in manyempirical studies are problematic. These problems have frequently caused contradictory researchresults and led to vigorous debate in this field. Criticisms have been voiced on the nature and useof the construct of ‘culture’, a collective term or residual variable that is undefined or inadequately defined and/or operationalized at the start of a research study, as an independent variable for explaining the variation in management practices between different countries.

Despite numerous critical arguments, the knowledge gained from intercultural comparative research is afirst step towards understanding the complexity of international management and HRM.

18.2 DEFINITION OF CULTURE :

Numerous definitions and concepts of culture are discussed in relevant literature. The termoriginated from the Latin word colere, which was used in the context of tilling the soil andsimply signified plant cultivation. The connotation of cultivation is still obvious in the colloquial use of the word today, which is often applied in the context of a cultivated life style. To date, there is no predominant consensus on the exact meaning of culture. As early as the 1950s, Kluckhohn and Kroeber had already put together 164 definitions of culture from the Englishspeaking cultures and condensed them into a comprehensive, well-established and accepted definition of culture :

‘Culture consists in patterned ways of thinking, feeling, and reacting, acquired and transmitted mainlyby symbols, constituting the distinctive achievements of human groups ... including their embodiments in artifacts; the essential core of culture consists of Traditional [...] ideas and especially theirattached values ...’

This model was labeled by the well-known Dutch researcher Geert Hofstede as 'mental programming' or Software of the Mind, the title of his 1991 book. 'Using the analogy of the way in which computers are programmed, this book will call such patterns ofthinking, feeling, and acting mental programs, or, as the subtitle goes: ''software of the mind''. Thisdoes not mean, of course, that people are programmed the way computers are. A person's behavioris only partially determined by her or his mental programs: (s)he has a basic ability to deviate fromthem, and to react in ways which are new, creative, destructive, or unexpected. The ''software of the mind'' ... only indicates what reactions are likely and understandable, given one's past.' Hansen criticizes many contributions on culture with respect to the lack of a theory and thus explanatory power. He describes cultures as the customs of a community that are practiced by a majority. Standardization – in the sense of consistent collective behavior – can come up in specific situations. Among the many contributions on the definition of culture, four basic elementsof culture can be derived from Hansen. He distinguishes between :

1. Standardization of communication
2. Standardization of thought
3. Standardization of feeling
4. Standardization of behavior.

These dimensions appear in similar form in Kluckhohn. While Hofstede and psychologists such as Triandis analytically gather typical characteristics of cultures and transform them intorespective instruments for handling these phenomena,18 Hansen has argued for inductive, dense description of cultures as the only way that the complexity of cultures can be captured reasonably and as background for appropriate actions. This brief discussion indicates that the basicunderstanding of culture affects the handling of the culture phenomenon and its subsequent operationalization. The next section presents a well-known and recognized concept of culture.

18.3 SCHEIN'S CONCEPT OF CULTURE :

Schein's concept of culture was developed in the course of organizational and not nationalculture research. However, it can be applied to the analysis of national cultures, given awareness that these two constructs are not exact equivalents. The important contribution of thisconcept is that Schein considers various levels of culture: artefacts or creations, values andunderlying assumptions. Artefacts are described as visible organization structures and processes. They can be analyzed using conventional methods of empirical social research, but theirmeaning is often hard to decipher. The middle level comprises values of a company or society.

They are found in the intermediate level of consciousness; in other words, they are partly conscious and partly unconscious. The third level is described as underlying assumptions,which are often presumed to be self-evident. They include convictions, perceptions, thoughtsand feelings, which are usually invisible and unconscious. Nevertheless, they are the sourcesof values and the actions based on them. Schein emphasizes that relationships that lead from artifacts through values to underlying assumptions are much weaker than those leading in thecontrary direction, because the influence of underlying assumptions on values and artefacts is stronger than vice versa.

The basic assumptions of Schein's ideas originate in the work of Kluckhohn and Strodtbeck from 1961. According to the authors, assumptions are organized independently of individualcases in typical patterns in each culture based on the human capacity to survive. Some of theunderlying assumptions will be explained in more detail below, modeled according to explanations by Schein. The following questions are implicit in the six underlying assumptions: The nature of reality and the nature of truth: What is real and what is not? Do members of a cultureassume more of an experimental position, where decisions about true and false depend on experiment, or do they follow more traditional convictions?

1. The time dimension: How is the time dimension defined and calculated? How important is time? Domembers of a culture live more in relation to the past or to the future? Are they oriented more to thelong-term or the short-term?
2. The effect of spatial proximity and distance: How is space attributed to members of a society? Whatobjects and locations are private and what are public? What role does spatial distance play inevaluating relationships e.g. in regard to level of intimacy?
3. The nature of being human: What does it mean to be human? Is human nature marked more by
4. Good or bad intentions? Can people change and develop, even as adults?
5. The type of human activity: How is the relationship to the environment evaluated? Is theenvironment considered more compelling or overpowering? Are the members of a society more
6. Passive in their fate or do they try to actively change it?

The nature of human relationships: What ideas about criteria of social order dominate in a society(e.g. age, origins, success)? What characterizes relationships between people? Is team success orindividual success important?

An example of Schein's culture levels is found in Scholz, Messemer and Schro¨ter.25 The authorsanalyze culture within the European Community using Schein's concept. They state that thereare great similarities on the artefact level of the European states, which evokes the impressionthat there are no major differences between countries. However, the consensus is much loweron the levels of values and basic assumptions. Under the heading of assumptions, the authors discuss Christianity, the basic understanding of democracy as well as capitalist market organizations as examples. On the values level, they mention national legislation on abortion as anexample. The artefacts level addresses laws and guidelines that are initiated at the Europeanlevel. The authors conclude that Europe is a culture corridor with major similarities and differences on the levels of basic assumptions, values and artefacts. The diversity of definitions andconcepts, only a small part of which can be presented in this chapter, underlines the need for aclear, unambiguous definition of the term culture for research work in intercultural comparativeresearch.

18.4 CROSS-CULTURAL MANAGEMENT STUDIES :

Cross-cultural management studies aim to describe and compare the working behavior in various cultures. Suggestions on improving interaction between members of various cultures can bedrawn from these analyses. This section will describe important results of cross-culturalmanagement studies. The overview starts with the historically significant study by Hofstede.The GLOBE study and results of the studies by Trompenaars and Hampden-Turner as well as work by Hall and Hall.

Hofstede's cross – cultural management study. The research of Hofstede occupies a specialplace in the field of cross-cultural comparative research because it was the first major study inthis field. It can be positioned on the values level, the intermediate level of Schein's concept ofculture. This means that it results in variables that are partly conscious and partly unconscious.

This approach is different from other studies that primarily consider the artefacts level. The latter concentrates on easily measurable, but hard to interpret variables like, for example, economic growth of a country or its political system.

In his original study, Hofstede identified four cultural dimensions based on preliminary theoretical considerations and statistical analyses, which can be used to describe cultural differences between countries. This is the most comprehensive study on this subject ever conducted bymeans of one questionnaire. In total, the analysis was based on 116 000 questionnaires fromIBM employees. The surveyed employees represented all hierarchical levels of the company andpossessed various qualifications, from unskilled workers to university graduates. Employees from a total of various profession groups were surveyed. In addition, the study was conducted during two different periods in IBM subsidiaries (1967–1969 and 1971–1973). Thequestionnaire was translated into 20 different languages in total. Out of 150 questions, were based on convictions and values of the respondents. Since the survey questioned onlyindividuals employed at subsidiaries of the same company, there is a high probability accordingto Hofstede that the determined differences are actually the result of national differences and the'mental program' of the employees. Four underlying dimensions of country cultures wereidentified from the values obtained within the scope of the study. These dimensions together explained 49 percent of the variance. Hofstede named them power distance, uncertaintyavoidance, femininity vs. masculinity, and individualism vs. collectivism. A later study involving participants from the Asian Pacific region included a fifth dimension, Confucianism orlong-term orientation.

The power distance dimension represents the scale on which the members of a culture accept that power is not distributed equally in institutions. It expresses the emotional distance betweenemployees and superiors. Power inequality exists in many cultures, but may be more or lesspronounced from culture to culture. Societies marked by high power distance, and high powerinequality, accept hierarchical organization structure, in which every individual can occupy theirplace without any need for justification. Cultures with low power distance aspire to equal powerdistribution and demand explanations for any instance of formalized power inequality. The important difference between societies that differ with respect to the Power Distance Index is inhow power inequality is dealt with.

The cultural dimension of uncertainty avoidance represents the extent to which the members of a culture feel threatened by uncertain, ambiguous and/or unstructured situations andtry to avoid them. Cultures with strong uncertainty avoidance are characterized by strictbeliefs and behavioral codes and do not tolerate people and ideas that deviate from these. Incultures with weak uncertainty avoidance, the significance of practice exceeds the significanceof principles and there is high tolerance for deviations. The major difference between countrieswith differing Uncertainty Avoidance Index is the reaction of individuals to time pressure oruncertainties in the future. People try to influence and control the future to a varying extent.

Just like the power distance dimension the uncertainty avoidance dimension implies consequences for the structure of organizations. Hofstede even goes as far as to claim that countrieswith weaker uncertainty avoidance are more likely to bring about fundamental innovations, because they have greater tolerance for deviate thinking.

However, he sees a decisive drawback for these nations in the implementation of such innovations, because detailed work and punctuality are required for implementation. An outstanding implementation of complex processes is associated with cultures with higher uncertainty avoidance. In summary, he ascertains that more Nobel Prize winners have come from Great Britain than Japan, but Japan was able to introduce more new products into the world market.

The cultural dimension of femininity vs. masculinity identified by Hofstede is based on theassumption that values can be distinguished as more masculine or more feminine. The masculine orientation comprises the pursuit of financial success, heroismand strong performance approach; the feminine orientation contains preferences for life quality, modesty and interpersonal relationships. Furthermore, role flexibility in the feminine orientedcultures is more clear-cut than in more masculine cultures, in other words, roles of the sexesoverlap, which means that both women and men could be modest and value a certain quality oflife. The fundamental difference between the two approaches is the form of social roles attributed to gender by the relevant society.

The cultural dimension of individualism vs. collectivism describes the extent to which individual initiative and caring for oneself and the nearest relatives is preferred by a society as opposed to, for example, public assistance or the concept of extended family. In more individualist cultures, there is merely a casual network of relationships between people. Eachperson is primarily responsible for himself. More collective cultures, on the contrary, havecloser, more clearly defined systems of relationships. This applies both to extended families aswell as companies. A clear line is drawn between one's own group and other groups. Inexchange for the care offered by one's own group, the group member provides very intensesense of loyalty. The distinguishing aspect of this dimension is the predominant self sufficiency among individuals in a society. This applies to private life just as professional life.

Thus, this dimension is marked by consequences for the structureof organizations.With regard to professional life, collectivist companies differ from individualist companies inthat the relationship between the superior and the employee in collectivist structures can bedescribed as more informal. Furthermore, recruitment and career progression is often within theso-called ingroup. Management means management of groups and the reward systems are frequently group-oriented. On the contrary, individualist companies focus on individual aspects when structuring reward systems. The relationship between the superior and the employee is usually based on a relatively neutral, impersonal contractual foundation. Although the four presented dimensions were derived from data collected from employees of a multinational company, according to Hofstede, they were confirmed in later studies by other researchers, whoworked with different methods and studied different target groups.

Given the composition of the research team during Hofstede's first study, the risk that thecultural identity of researchers from Western industrial countries (Great Britain, France, Holland, Norway, USA) influenced the form of the questionnaire could not be ruled out. There was a possibility that some questions were considered irrelevant in some cultures, while otherquestions relevant for these cultures were not even included. To rule out possible distortion ofresults, a questionnaire that clearly reflects Chinese cultural identity was later designed (Chinese Value Survey). This questionnaire was translated into ten languages and used to survey100 people from 23 countries. Only a few items in the Chinese Value Survey were transferredfrom the IBM questionnaire in the same form. Nevertheless, the results reflected four dimensions. Dimensions similar to power distance, individualism vs. collectivism and masculinity vs.femininity were manifested in this study as well. Only the uncertainty avoidance dimensioncould not be confirmed in this study. Instead, another dimension was discovered, one whichcould not be related to the results of the original pan-European IBM study. It was describedby researchers as Confucianism dynamics. This dimension essentially reflects a basic orientation in the life of people, which can be either more long-term or short-term in nature. It contains values that Western researchers can recognize, but they were not taken into account in the previous questionnaire. Cultures that are classified as long-term in this dimension are characterized by :

1. great endurance and/or persistence in pursuing goals
2. position of ranking based on status
3. adaptation of traditions to modern conditions
4. respect of social and status obligations within certain limits
5. high savings rates and high investment activity
6. readiness to subordinate oneself to a purpose
7. the feeling of shame

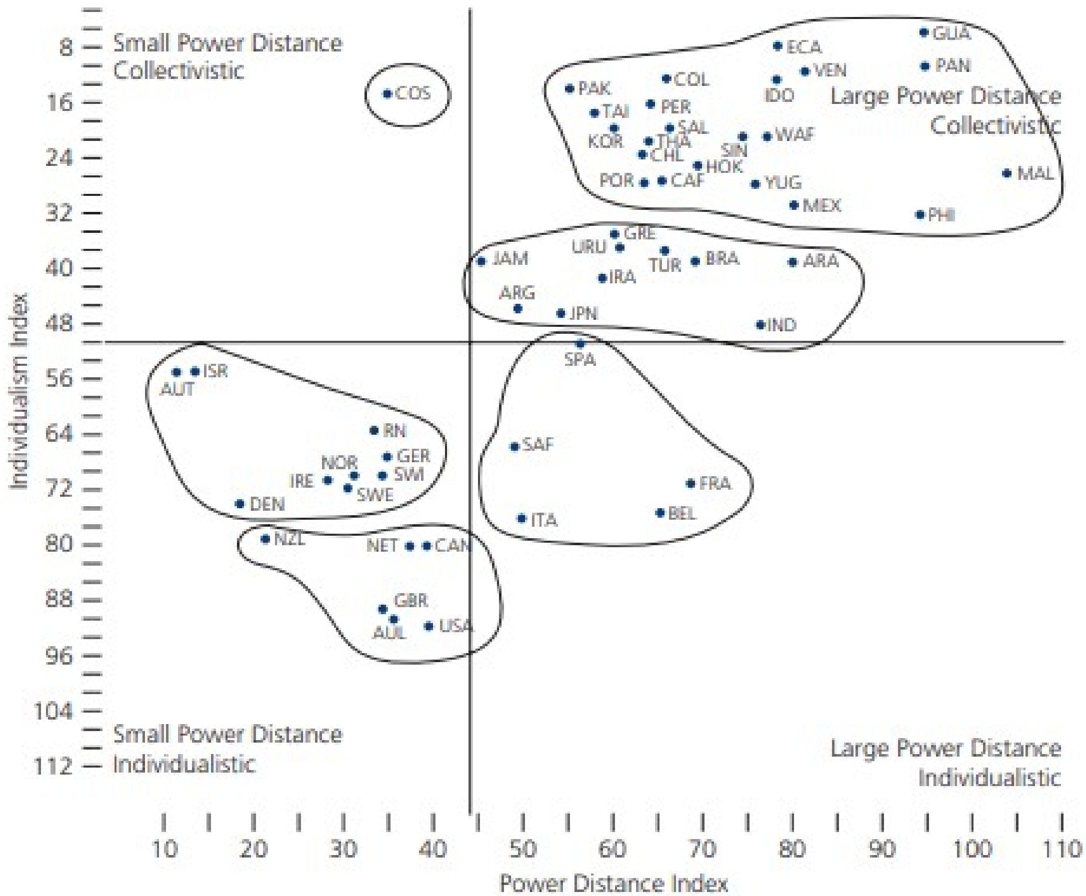
Short-term classified cultures, on the contrary, are characterized by :

1. personal candor and stability
2. avoiding loss of face l respect of social and status obligations without the consideration of costs
3. low savings rates and low investment activity
4. expectations of quick profit;
5. respect for traditions
6. greetings, presents and courtesies based on reciprocity.

The first set of values is viewed as more future-oriented and dynamic (in particular, persistence and frugality); the second set of values is viewed as more present-oriented or pastoriented and is relatively static. The name of this dimension comes from the fact that nearly all values of the short-term and long-term dimension could be drawn directly from the study of Confucianism.

Country-specific results of the Hofstede study. The results for individual countries wereobtained by the evaluation of predetermined answers, which ensured that the results could bedemonstrated by point values. The point values reflect relative and not absolute positions of the countries. The results are graphically represented with the help of coordinates systems, whichcontain a cultural dimension on the X-axis and another one on the Y-axis respectively. The representation demonstrates the extent of cultural distance between two countries with regard to these dimensions. For example, in Figure 2.1 individual countries are assigned to the coordinates system based on individualism vs. collectivism and power distance dimensions

FIGURE 2.1 Results of the Hofstede study (I): Power distance and individualism vs. Collectivism



Source: G. H. Hofstede, '*Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations*', 2nd ed. (Thousand Oaks: Sage, 2001), p. 217. Reproduced with permission.

According to results of the Hofstede study, the US culture is characterized more by individualist behavior. The same applies to the other Anglo Saxon countries such as Australia orthe United Kingdom. The extent of power distance is classified as rather low for all these countries. In terms of the characteristics for both of these cultural dimensions, many SouthAsian countries can be described as the opposite. For example, Singapore, Hong Kong andTaiwan (and also many South American countries) are characterized by collectivist values anda high power distance. These clusters are culturally distant from each other according toresults of the study. The countries are assigned to one cluster due to statistically establishedsimilarities among them.

Some Asian cultures tend to score high on uncertainty avoidance and high on power distance. Among them are Singapore and Hong Kong. On the contrary, the German speakingcountries such as Germany, Austria and Switzerland build with others a cluster that can bedescribed by a comparably strong tendency of uncertainty avoidance and a relatively lowpower distance.

As a result of combining the masculinity index with the uncertainty avoidance dimension, wecan identify a cluster that includes predominantly German-speaking countries Germany, Austriaand Switzerland. All three countries are attributed more masculine values with relatively highuncertainty avoidance tendency. The group of predominantly German-speaking countries is thesecond most masculine-oriented after Japan. Opposite to this is the Scandinavian cluster, including Denmark, Sweden, Norway and Finland.

In terms of the fifth dimension, long-term vs. short-term orientation of cultures, the USA, forexample, is characterized by a rather low value. Therefore, it is classified more as a short-termoriented culture. This result is the opposite of the Asian countries, which demonstrate highervalue for long-term orientation. Thus, the robust economic growth of the Four Asian Tigers inthe 1980s – Hong Kong, Singapore, South Korea and Taiwan – is partly traced back to a strongorientation on Confucianism values.

A reflection on the Hofstede study. The Hofstede study is an important contribution tocross-culture management research. The thorough execution of this comprehensive study andits repetition at different points in time is very impressive. The results enable assertions aboutpotential differences between individual cultures and could serve as guidelines of explainingbehavior at least in initial orientation. However, there has been an ongoing debate and critiqueof Hofstede's study, aside from fundamental criticism of his concept of culture, described as determinist and universalist, and his approach of trying to reduce cultures to a few dimensionsinstead of using more sophisticated descriptions.

Hofstede's study is accused of lacking theory, because the cultural dimensions were mainlyderived ex-post. As already noted earlier in the chapter, Hofstede's study is placed on the valuelevel, the intermediate level of the Schein concept. However, the emerging question is to whatextent the standardized questionnaire method is able to reach the unconscious and, thus, assessthe deeper motives of managers' actions. Hofstede is criticized for not drawing a line betweenpractices per se and perceived practices, in other words a sort of wishful thinking.50 Significantquestions have been raised about the lack of separation between values and behavior and thepotential distortion of the 'Western outlook' of the research.

Another criticism of the Hofstede study is that countries rather than cultures are delimited.The example of what was once Yugoslavia in the 1990s shows with terrible clarity that country borders by no means contain relatively homogenous cultural groups. Kaasa et al. have compared the Hofstede data with newer data from the European Social Survey which showsthat the Hofstede values should be regarded with some skepticism, especially in terms of multicultural societies like Belgium. It should be assumed that Hofstede did not adequately represent the existing ethnic groups and his study cannot classify countries with several relativelyequally co-existing languages in his country clusters. Finally, it should be assumed thatnational cultures are not the only influencing factor of behavior. This is a major reason whyscholars increasingly assume a progressively lower influence of nation states on cultural identity and behavior.

The following points are germane in thinking about the study's representative nature : the study was conducted in one company (IBM) only. Hofstede himself evaluates this as positive, becausemany conditions could be maintained constant. However, in the case of an organization that ischaracterized by a very strong corporate culture such as IBM it should be assumed that the choiceof personnel is based on a similar profile of requirements around the world, which may lead todistortion of results (i.e. selected 'IBMers' were not typical national citizens). So the question is:would the results of random sampling of several companies come out differently as regards thedistinctions between individual countries or country clusters? The representative nature of data isalso contested, because the IBM study sample was mainly limited to middle-class males in marketing and service positions. Kirkman et al.acknowledge the significance of Hofstede's culturedimensions but note that future research should take the following issues into consideration:

Realization of intra-level studies: Along with assessing the individual level, groups, organizations andcountry levels must be taken into consideration.Inclusion of cross-cultural differences: Cultures should not be considered homogenous, specificintracultural variance should be taken into consideration.

Inclusion of theoretically relevant moderator variables: Culture should not be measured as the onlyinfluencing factor, other variables like sex, class affiliation, etc. should be taken into account.

18.5 EFFECTS OF INTERACTION BETWEEN CULTURE VARIABLES :

There is a lack of empirical evidence about theinterplay of individual culture variables, but their interaction should also be taken into account.Although the historical prominence of the Hofstede study makes continuing debate on the resultsuseful, the results must be scrutinized from today's point of view. The results of Hofstede's firststudy are from 1967–1973. Determining the scope of validity of these results for individual countries today certainly requires a new, comprehensive study. Although it is assumed that cultures do not change fundamentally in such a time period, certain decisive changes may haveoccurred like, for example, the reunification of Germany, which could influence average values.

In a recent study, Kaasa et al. tested Hofstede's values once again for the European sample andcame to the overall conclusion that Hofstede's values are relatively stable. However, changes areseen in countries with subsequent strong economic growth (e.g. Spain, Portugal) or after significant system changes such as a country joining the EU.58 Because of such changes it is not surprising that an index based on Hofstede's values and dimensions developed by Kogut and Singh that claims to measure cultural distance and serve as a predictor of how challenging a specific foreign location will be to a person has been criticized as outdated, of limited validity, and bound to a simplistic, static approach.

18.6 CULTURE DIMENSIONS OF THE GLOBE STUDY :

The study is to some extent based on Hofstede'sdimensions: uncertainty avoidance and power distance. However, the dimensions are modifiedand expanded, leading to some confusion when Hofstede and GLOBE results are assessed andcompared. This may be seen as somewhat ironic, given the topic area. The Collectivismdimension is divided into social and group/family-based collectivism, which describe two levelsof the same dimension. The above dimensions are measured on the social and organizationallevel respectively. In addition, there is a distinction in the questions between practices (as is) andvalues (should be) of respective dimensions. Thus, the survey covers practices that are assessedas common in the respective societies or organizations. Furthermore, value dimensions determine what specific practices should be like in respective organizations or societies. Authors ofthe GLOBE study are purposefully trying to overcome the earlier critiques of the Hofstedestudy, namely that the borders between values and practices are blurred in his study and cannotbe distinguished. The different dimensions are explained briefly below.

'Institutional Collectivism describes the degree to which organizational and societal institutionalpractices encourage and reward collective distribution of resources and collective action'.In-Group Collectivism is 'The degree to which individuals express pride, loyalty, andcohesiveness in their organizations or families'social norms, rules, and procedures to alleviate unpredictability of future events'.Power Distance is defined as 'the degree to which members of a collective expect power to bedistributed equally'.

Gender Egalitarianism: is 'the degree to which a collective minimizes gender inequality'. Assertiveness is 'The degree to which individuals are assertive, confrontational, and aggressive intheir relationship with others'.

Performance Orientation is defined as 'the degree to which a collective encourages and rewardsgroup members for performance improvement and excellence'.

Humane Orientation includes 'the degree to which a collective encourages and rewardsindividuals for being fair, altruistic, generous, caring, and kind to others'.

Results of the GLOBE study. Quantitative collection of data was conducted in 62 countriesby the GLOBE study;370 people from middle management, 951 organizations and 3 industries (finance, food and telecommunication services) were surveyed. Based on a literature analysis by the GLOBE study authors, the analyzed countries and cultures were separated into tenand clusters and tested empirically. This resulted in the following cultural regions: South Asia, Latin America, North America, the Anglo cluster, Germanic and Latin Europe, Sub-SaharanAfrica, Eastern Europe, the Middle East and Confucian Asia. These cultural regions have different characteristics within the respective cultural dimensions. Unique profiles emerge when combining cultural dimension characteristics for different cultures.

A reflection on the GLOBE study. The GLOBE study explicitly takes into account the methodical challenges of cross-cultural comparative research and its theoretical foundation is morecomprehensive than that of the Hofstede study. The participation of 170 scholars from aroundthe world helped to avoid a one-sided Western focus and there is a distinction between organizational cultures and national cultures. Furthermore, the dimensions identified in the GLOBEstudy are also refined compared to other cross-cultural management studies. In view of the empirical research, for example, more branches have been included as compared to Hofstede, whohas often been criticized for limiting his sample to IBM employees only. Among other differences to the Hofstede study is that managers were surveyed instead of employees.The GLOBE study does have some limitations. Hofstede has criticized the GLOBE study,stating that the scales do not measure what they should, and criticizes the further differentiationof his original five dimensions. But this criticism has been rejected by authors of the GLOBEstudy, generating an ongoing debate. In addition, it should be noted that despite the expansion to three industries (finance, food and telecommunications), there is limited industry focusin the GLOBE study as well – the data is not representative for other industries. Similar tothe criticism of Hofstede, widespread equivalence of culture to nation can be a source of concernas well. This is yet another example of the ongoing ‘level of analysis’ debate in organizationalstudies. Although authors of the GLOBE study counteract this by taking into considerationvarious culture levels (individual, organizational and social levels) and further distinguish thesample in some countries (e.g. South Africa, Switzerland and Germany), it should be noted thatcultures may consist of various subcultures and that this is not sufficiently reflected in theGLOBE study at the present stage. Large population countries like China, India and the USAare very heterogeneous and cannot really be covered by the relatively small sample of the GLOBE study.

The Trompenaars and Hampden-Turner study. Trompenaars and Hampden–Turner conducted a survey with employees of various hierarchical levels and various businesses starting inthe 1980s and continuing for several decades. The target group was primarily participants ofcross-cultural training conducted by Trompenaars. Approximately 15 000 questionnaires were evaluated in the first study. By 2002 there were about 30 000 questionnaires from 55 countries. In their book ‘Riding the Waves of Culture’ Trompenaars and Hampden-Turner differentiated between seven dimensions, the characteristics of which mark the differences betweencultures. They grouped these seven dimensions by three aspects : relationships between people,concept of time and concept of nature.

18.7 RELATIONSHIPS BETWEEN PEOPLE :

Universalism vs. Particularism : Universalist thought is characterized according to the authors bythe following logic: ‘What is good and right can be defined and always applies’.Particularistcultures, on the contrary, pay more attention to individual cases, deciding what is good and correctdepending on relationship and special friendship arrangements.

Individualism vs. Communitarianism : The underlying question here is: ‘Do people regard themselves primarily as individuals or primarily as parts of a group?’ The other question is whether it is desirable that individuals primarily serve group aims or individual aims. Individualist cultures,similar to Hofstede's explanation, emphasize the individual, who predominantly takes care of himself.

Emotional vs. Neutral : This dimension describes how emotions are treated and whether they are expressed or not. Neutral cultures tend to express little emotion; business is transacted asobjectively and functionally as possible. In affective cultures, an emotional cultural basis isaccepted as a part of business life and emotions are freely expressed across many social contexts.

Specific vs. diffuse : In diffuse cultures a person is involved in the business relationship, whereas specific cultures focus more on contractually regulated aspects. Specific cultures demandprecision, an objective analysis of circumstances and presentation of results, whereas diffusecultures take other context variables into consideration.

Ascription vs. Achievement : In cultures focused on status achievement, people are judged basedon what they have achieved, in other words the goals they have fulfilled recently. In ascriptivecultures, the status is ascribed from birth by characteristics such as origin, seniority, and gender.

18.7.1 Concept of time :

Sequential vs. Synchronic concept of time : Cultures are differentiated by the concept of timewhere they may be more past, future or present oriented. The different concept of time is alsodemonstrated by the organization of work processes. Sequential behavior is behavior that occurssuccessively and synchronous behavior is the possibility to 'multitask' and do a number of things at the same time.

18.7.2 Concept of nature :

Internal vs. external control : This dimension describes the concept of nature and refers to theextent to which societies try to control nature. Trompenaars and Hampden-Turner refer to the example of the Sony executive Morita, who explained the invention of the Walkman: from the loveof classical music and the desire not to burden the world with his own music taste. This is anexample of external control, of how people adapt heavily to the environment. In Western societies, the mindset is different; music is heard in the headphones not to be bothered by the environment.

Another example is wearing a facemask during the cold/flu season. According to Trompenaars,in external control cultures masks are used because one does not want to infect others, whereasin internal control cultures masks are used to protect one's self from outside sources of infection.

An explicit rationale for the operationalization and the genesis of the seven dimensions byTrompenaars and Hampden-Turner remain unclear. The authors use single aspects of otherstudies, like Kluckhohn and Strodtbeck, Parsons, and Hofstede – without in-depth justificationfor their selection – and leave out others, also with no justification. To date, Trompenaars andHampden-Turner have not demonstrated the validity or reliability of their dimensions, or justified their classification schema. An empirical basis for their characterization of differences innational characteristics is also not presented. However, this model is quite often used in executive education programs as a practical template to monitor behavior and to draw conclusionsfor interaction with foreign business partners.

The cultural dimensions by Hall and Hall. Based on their own experiences as governmentand corporate advisors and various qualitative studies, anthropologist Edward Hall and his wifeMildred Hall90 have presented four dimensions that differentiate cultures. They do not claimthat their model covers all possibilities pointing out that other dimensions may also exist. Therelationship between culture and communication is emphasized in particular, as one would notbe possible without the other.

18.8 DIMENSIONS OF CULTURAL DIFFERENCES :

The dimensions mainly involve cultural differences in communication forms and time and space concepts.

High vs. Low Context Communication : Cultures differ in the way their members communicate with each other. In High Context cultures, a more indirect form of expression is common, where the receiver must decipher the content of the message from its context, whereas in so-called Low Context cultures the players tend to communicate more to the point and verbalize all-important information. Examples of High Context cultures are Japan as well as France. Germany is more of aLow Context culture.

Spatial orientation : The focus of this dimension is on the distance between people of variouscultures when communicating. Distance that is adequate for members of one culture, may feelintrusive for members of another culture.

Monochrome vs. polychrome concept of time : A monochrome concept of time isdominated by processes, where one thing is done after the other, whereas in the polychromeconcept these actions occur at the same time.

Information speed : This dimension focuses on whether information flow in groups is high or lowduring communication. Thus, in the USA people tend to exchange personal information relativelyquickly, while in Europe such a rate of information exchange would require a more extended acquaintance.

As already mentioned, the classification of cultural dimensions by Hall and Hall came about inan inductive way and does not claim to be complete. In addition, the dimensions are closelyrelated and overlapping and cultural regions are represented in a macro sense such as theUSA and Europe. Intracultural differences are not touched upon, but personal differences arereferred to. The works by Hall and Hall, similar to that of Trompenaars and Hampden-

Turner,focus on offering a practical template, allowing individuals to perceive and handle culturaldifferences.

A reflection of cross-cultural management studiesCross-cultural studies are generally subject to the problem of not doing justice to a dynamic,context-sensitive concept of culture.This criticism has been widely recognized in recent years.However, intercultural interactions contain their own momentum and new aspects becomemore salient, that cannot be explained with the existing culture dimensions. In this context, qualitative research is increasingly called on to assess these dynamic changes. In addition,some authors find it important to consider culture in the context of task or role specific situations and not just on the values level, which is the perspective of many studies. The limits ofthe explanatory power of the results of cross-cultural management studies for explaining theinfluence of the cultural context are demonstrated by Gerhart using the example of organizational cultures.

According to Gerhart, in the GLOBE study 23 per cent of the variance isexplained by country-specific differences, however, only 6 per cent of which is actually due tocultural differences. Nevertheless, Gerhart agrees that cultural differences are important but notesthat these differences do not have as great an influence as it is frequently assumed. He identifies aneed for action with respect to theoretical and empirical research.

The static-dynamic nature of culture is increasingly discussed by practitioners and researchers alike..

18.9 THE DEVELOPMENT OF CULTURES :

So far, this chapter has primarily dealt with how culture can be defined and conceptionalized and some results of cross-cultural management research have been reported. Most explanationsand concepts were based on a somewhat static outlook. We now will discuss the extent to whichcultures may undergo changes over time. This discussion is closely related to the issue of whetherorganizations and their management practices are similar due to increasing international interconnectedness and the coordination of the global economy (convergence) or still exhibit specificcultural characteristics. For example, culture convergence between European countries is oftenimputed given the development of the European Union, and attendant harmonization of lawsand regulations. Thus, increasing convergence of the cultures of individual countries within theEU is assumed. As a result, the meaning of cultural differences may be safely given little consideration. If the opposite is true and we assume a long term stability in cultural differences (culturaldivergence), their investigation may be a decisive success factor in international business activities for the foreseeable future. In terms of activity within the European Community, this wouldmean that pan-European standardization of management practices would not be easily achievedand adaptation of practices to underlying local conditions would be required.

Both of these two conflicting positions on cultural convergence continue to generate controversy in the academic literature. Child analyzed a multitude of cross-cultural studies and discovered that there are as many researchers who came to the conclusion that cultures are similar,as studies that claimed just the opposite. Upon detailed analysis he determined that studies positioned on the macro level (e.g. analyses of organizational structure) tended to find evidence forconvergence, while studies positioned on the micro level, e.g. dealing with the analysis of behavior of employees, reached more divergence-oriented conclusions. As a result, it can be concludedthat organizations around the world are becoming more similar in their processes and technologies, because they are embedded in institutions that are also subject to convergence, but realand meaningful differences in the behavior of employees remain, and these differences areenduring. This is also underlined by Schein, who assumes that the influences operating from thesurface artifact level to the underlying assumption level are much weaker than the influence ondeep assumptions on surface level artifacts.

A new combination of various cultural elements is taking place, which results in new ways ofdistinguishing otherness and hybridization of what were once distinct cultures. Recently,'transnational regions have been investigated. These are regions in which country borders areprogressively superseded by cultures. Due to growing interdependence and a high flow of migration, culture is not confined to a territorially limited area. This represents new challenges forHRM, but at the same time, it also offers new opportunities.

Intercultural changes must also be considered by HR managers. In this context, demographicchanges are an example where there has been considerable discussion on the extent of value shift between generations.

Generation Y is mentioned as an example in this context, because it isdistinguished by different demands when it comes to professional relationships and employee retention. Since this generation was born into an information society and grew up with thecomputer, these people are described as fast, self-organized learners. This generation is highlyflexible when it comes to multitasking and demonstrates high potential for scrutinizing decisionsdue to a high level of awareness. This makes members of Generation Y attractive but somewhatself-absorbed employees with distinct preferences such as distinct work-life balance preferences.This phenomenon should be observed beyond cultural borders. The aging of entire societies, and hence their workforces (for example in Japan and Italy) also represents a form of this generational phenomenon.

18.10 SUMMARY :

In the preceding sections, we outlined how the cultural environment may influence HRM. In summary, it can be concluded that an adequate understanding of the cultural context, as it impacts the behavior of organization's employees, is of decisive importance. Thus, results of cross-cultural comparative research may provide valuable hints to managers about how to cope with employees of foreign cultures. Furthermore, they can form the basis for the development of intercultural training measures. These results could also be of great use to HRM in an international firm because it could assist a structured analysis about the transferability of specific elements of the parent firm's existing HR policy to foreign subsidiaries. In this context, it would be conceivable to decide whether incentive systems for groups or for individuals would be effective in a specific culture.

18.11 KEY WORDS :

Culture consists in patterned ways of thinking, feeling, and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups ... including their embodiments in arte facts; the essential core of culture

The **masculine orientation** comprises the pursuit of financial success, heroism and strong performance approach; the feminine orientation contains preferences for life quality, modesty and interpersonal relationships

Performance Orientation is defined as 'the degree to which a collective encourages and rewards group members for performance improvement and excellence'

Gender Egalitarianism : is 'the degree to which a collective minimizes gender inequality'.
Assertiveness is 'The degree to which individuals are assertive, confrontational, and aggressive in their relationship with others'.

'Institutional Collectivism describes the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action'

18.12 SELF ASSESSMENT QUESTIONS :

1. Define culture. How can culture be conceptualionization?
2. Outline the cross-cultural management study byHofstede and discuss it.
3. Outline the methodical procedure and the results ofthe GLOBE study.
4. Compare cross-cultural management studies and listadvantages and disadvantages.
5. To what extent do cultures undergo changes?Illustrate your statement by an example.
6. What do you think about the statement: 'Cultures inEurope are becoming more similar?'

18.13 SUGGESTED READINGS :

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Dr. V. Naga Nirmala

LESSON – 19

HRM PRACTICES AS A CULTURAL VARIABLE

LEARNING OBJECTIVES :

- ✓ To Know the Recruitment and Selection of International Managers
- ✓ To Understand the Antecedents of cross-cultural adjustment
- ✓ To discuss the Expatriate Selection Processes in Practice

STRUCTURE OF THE LESSON :

19.1 INTRODUCTION :

The purpose of this chapter is to expand on the role of IHRM in sustaining global growth. In this context sourcing decisions are most important. We examine the various approaches taken to staffing international operations and the allocation of human resources to the firm's varied international operations to ensure effective strategic outcomes. The pivotal role of international assignments is outlined. We then concentrate on recruitment and selection as major influence factors on the success of global assignments.

19.2 RECRUITMENT AND SELECTION OF INTERNATIONAL MANAGERS :

Hiring and deploying people to positions where they can perform effectively is a goal of most organizations, whether domestic or international. Recruitment is defined as searching for and obtaining potential job candidates in sufficient numbers and quality so that the organization can select the most appropriate people to fill its job needs. Here, employer branding may play a crucial role, especially in emerging countries such as China or India where it may be difficult to find enough qualified personnel for foreign companies due to the strong growth rates of these economies and the fierce competition for talent in the local labor markets. Selection is the process of gathering information for the purposes of evaluating and deciding who should be employed in particular jobs. It is important to note that recruitment and selection are discrete processes and both processes need to operate effectively if the firm is to effectively manage its staffing process. For example, a firm may have an excellent selection system for evaluating candidates but if there are insufficient candidates to evaluate, then this selection system is less than effective. Both processes must operate effectively for optimal staffing decisions to be made.

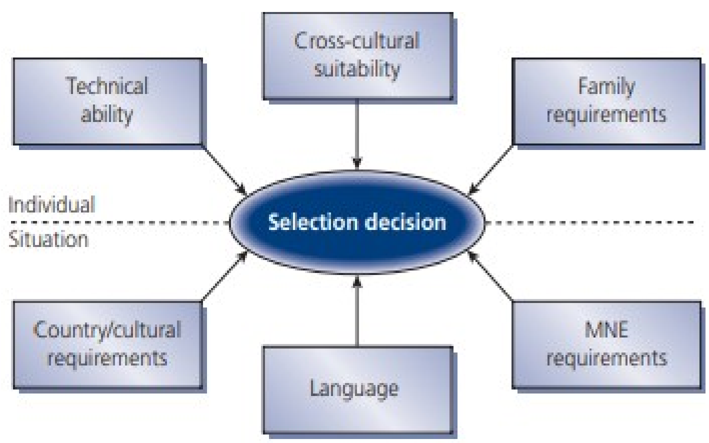
Some of the major differences between domestic and international staffing are first that many firms have predispositions with regard to who should hold key positions in headquarters and subsidiaries (i.e. ethnocentric, polycentric, regiocentric and geocentric staffing orientations) and second, the constraints imposed by host governments (e.g. immigration rules with regard to work visas and the common requirement in most countries to provide evidence as to why local nationals should not be employed rather than hiring foreigners) which can severely limit the MNE's ability to hire the right candidate. In addition, as Scullion and Collings note, most expatriates are recruited internally rather than externally, so the task of persuading managers (particularly if they are primarily working in a domestic environment) to recommend and/or agree to release their best employees for international assignments remains a key issue for international HR managers. The small number of external recruits is confirmed by data from the Global Relocation Trends Survey 2010. Here, the proportion of external hires for international positions was only 8 per cent across all firms that participated in the 2010 survey. This represented the lowest figure in the history of the report (the benchmark historical average is 12 percent of expatriates).

Recruitment of internal hires for expatriate assignments is preferred because this reduces the risk of a poor selection decision. In an internal selection process performance appraisals, personal reports, interviews with colleagues and firm-internal career plans can be used as information sources in order to reduce uncertainty. In their study of 653 Spanish companies BayoMoriones and Ortın-Angel show that the preference for internal recruitment is not only motivated by the minimization of selection risks but also by the wish to secure present and past investments in human capital. In the case of expatriate recruitment on the external labor market the selection risk is often managed by using specialized (and relatively expensive) consultants.

19.2.1 Selection Criteria :

We now have a fuller understanding of the phenomenon called expatriate failure, as well as the multi-faceted nature of international assignments, and why developing appropriate selection criteria has become a critical IHRM issue. It should be noted that selection is a two-way process between the individual and the organization. A prospective candidate may reject the expatriate assignment, either for individual reasons, such as family considerations, or for situational factors, such as the perceived toughness of a particular culture. It is a challenge for those responsible for selecting staff for international assignments to determine appropriate selection criteria.

Figure 5.3 illustrates the factors involved in expatriate selection, both in terms of the individual and the specifics of the situation concerned. It should be noted that these factors are interrelated. We base the following discussion around Figure 5.3.



19.2.2 Technical ability :

Naturally, an employee's ability to perform the required tasks of a particular job is an important selection factor. Technical and managerial skills are therefore an essential criterion. Indeed, research findings consistently indicate that multinationals place heavy reliance on relevant technical skills during the expatriate selection process. Since expatriates are predominantly internal recruits, personnel evaluation records can be examined and checked with the candidate's past and present superiors. The dilemma is that past performance may have little or no bearing on one's ability to achieve a task in a foreign cultural environment.

19.2.3 Cross-cultural suitability :

Competence, adjustment and other indicators As we have already discussed, the cultural environment in which expatriates operate is an important factor for determining successful performance. Here, intercultural competence and related concepts as well as the ability to adjust to a foreign culture play important roles. However, a precondition for cross-cultural suitability are soft skills that are also important in other national positions.

19.2.4 Soft skills :

Soft skills are a criterion which is underestimated by many MNEs. They are a precondition for intercultural competence. As Caligiuri, Tarique and Jacobs state, they are important success factors of international managers and need to be considered in addition to technical knowledge and skills. They include psychological as well as personal features, international experience and language knowledge. Furthermore, a capacity to internalize and provide training to local personnel is an often neglected issue. However, this capacity may play a vital role for the success of an international assignment due to the crucial importance of knowledge and technology transfer.

19.2.5 Intercultural competence :

Apart from the obvious technical ability and managerial skills, expatriates require cross-cultural abilities that enable the person to operate in a new environment and to guarantee the functioning of culturally diverse teams. This is often expressed by using the term intercultural competence, which is defined as 'the ability to function effectively in another culture. There appears to be a consensus that desirable attributes should include dimensions such as cultural empathy, adaptability, diplomacy, language ability, positive attitude, emotional stability, maturity, etc. These various issues can be related to three basic structural dimensions of intercultural competence. The affective dimension of intercultural competence reflects the emotional attitude towards a foreign culture. The cognitive layer relates to culture-specific knowledge. Most important is the ability dimension because this includes the actual intercultural behavior.

19.2.6 Intercultural competence and related concepts :

Closely related to intercultural competence is the concept of cultural intelligence. Ang et al define cultural intelligence as 'a specific form of intelligence focused on capabilities to grasp, reason and behave effectively in situations characterized by cultural diversity'. While it is very similar to the concept of intercultural competence in also considering perceptual, cognitive, motivational and ability elements, it focuses mainly on the cognitive dimension of this construct. Bucker and Poutsma have related the concepts of intercultural competence, intercultural sensitivity, cultural intelligence and global mindset (ability to appreciate elements of various cultures to 'global management competencies' and use this as a more comprehensive approach to describe what kind of management skills a global manager needs to have.

Bird, Mendenhall, Stevens and Oddou see intercultural competence as one part of the terrain of global leadership. In their concept cross-cultural relationship skills, traits and values, the cognitive orientation and the global business expertise are the core pillars of intercultural competence. To map the terrain of global leadership they add global business competencies at the macro level including global organizing expertise and visioning. To define the term 'global leadership' they adopt the definition by Osland and Bird. According to them, global leadership is 'the process of influencing the thinking, attitudes, and behaviors of a global community to work together synergistically toward a common vision and common goal'.

The ability to adjust to a foreign culture. This factor has been a consistent reason given for expatriate failure – and has been the subject of considerable interest to researchers. The dilemma is that adjustment to a foreign culture is multifaceted, and individuals vary in terms of their reaction and coping behaviors. The concept of an adjustment cycle or curve is helpful in demonstrating the typical phases that may be encountered during cultural adjustment. The curve (sometimes referred to as the U-Curve) is based on psychological reactions to the assignment and comprises four phases.

Phase 1 – commences with reactions prior to the assignment – the expatriate may experience a range of positive and negative emotions such as excitement, anxiety, fear of the unknown or a sense of adventure. There can be an upswing of mood upon arrival in the assignment country that produces what has been referred to as the 'honeymoon' or 'tourist' phase. Then, as the novelty wears off, realities of everyday life in the foreign location begin to intrude, homesickness sets in, and a downswing may commence – a feeling that 'the party is over' – which can create negative appraisals of the situation and the location leading to a period of crisis.

Phase 2 – This can be a critical time, and how the individual copes with the psychological adjustment at this phase has an important impact in terms of success or failure. There is a suggestion that 'failure as an early recall' may be triggered at this point. Once past this crisis point, as the expatriate comes to terms with the demands of the new environment, there is a pulling up

Phase 3 – as the person begins to adjust to the new environment. This levels off over time to what has been described as healthy recovery –

Phase 4 – However, when considering the above U-Curve, one should remember some critical points. The U-Curve is normative. Some people do not experience this U-Curve. Individuals will differ in their reactions to the foreign location and with respect to their international experience prior to this assignment. The time period involved varies, and there is no conclusive statistical support for the various phases. Black and Mendenhall110 point out that the U-Curve describes these phases but does not explain how and why people move through the various phases. There may be other critical points during the assignment – beyond Phase 4 – that may produce downturns, negative reactions and upswings (that is, a cyclical wave rather than a U-Curve). In summary, it can be stated that despite its plausibility the U-curve lacks theoretical foundation and empirical support and does not indicate what the results of cross-cultural adjustment may necessarily be.

This critique on the U-Curve adjustment and other adjustment concepts has led to important research activities and to a lot more clarity on the determinants of the adjustment process, the process itself and its outcomes.

19.3 ANTECEDENTS OF CROSS-CULTURAL ADJUSTMENT INCLUDE :

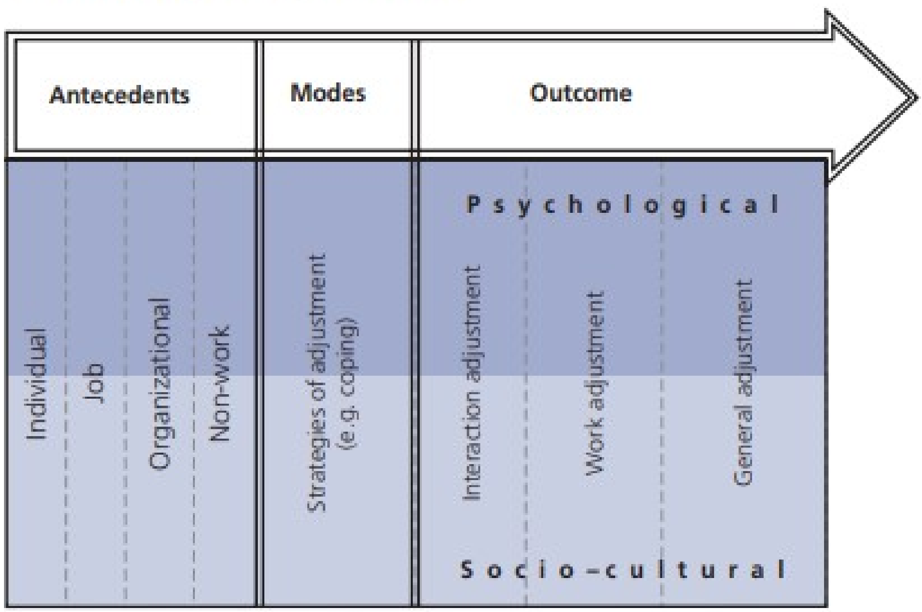
a) Individual aspects (e.g. sex or goal orientation).

b) Work related factors (e.g. role clarity, decision autonomy).

c) Organizational aspects (e.g. company support).

d) Non-work related factors (e.g. family issues).

FIGURE 5.4 **Overview of important adjustment variables**



Source: M. Festing and M. Maletzky, 'Cross-Cultural Leadership Adjustment – A Framework Based on the Theory of Structuration', *Human Resource Management Review*, Vol. 21, No. 3 (2011), p. 188. With permission from Elsevier.

Adjustment modes are strategies to achieve adjustment. Depending on the focus of the study this can, for example, be strategies for coping with stress.

For adjustment outcomes it is often referred to the three variables identified in the popular concept by Black and Mendenhall

a) Work adjustment;

b) Interaction adjustment; and

c) General adjustment.

Often the outcomes also include an explicit performance118 or effectiveness dimension or address the issue of commitment

19.4 FAMILY REQUIREMENTS :

The family is a very important influence factor on the success of an international assignment, particularly the spouse. Despite the importance of the accompanying spouse/partner, as Shaffer and Harrison point out, the focus has been on the expatriate. From the multinational's perspective, expatriate performance in the host location is the important factor. However, the interaction between expatriate, spouse/partner and family members' various adjustment experiences is now well documented.

It should be pointed out that the spouse (or accompanying partner) often carries a heavy burden. Upon arrival in the country of assignment, the responsibility for settling the family into its new home falls on the spouse, who may have left behind a career, along with friends and social support networks (particularly relatives). In developing countries the employment of house servants is quite common but this is an aspect of international living that many Westerners from developed countries have some difficulty adjusting to. It is often not possible for the spouse/partner to work in the country of assignment due to immigration regulations and the well-being and education of the children may be an ongoing concern for the spouse.

As discussed above, apart from the accompanying partner's career, there are other family considerations that can cause a potential expatriate to decline the international assignment. Disruption to children's education is an important consideration, and the selected candidate may reject the offered assignment on the grounds that a move at this particular stage in his or her child's life is inappropriate. The care of aging or invalid parents is another consideration. While these two reasons have been noted in various studies, what has been somewhat overlooked is the issue of single parents. Given increasing divorce rates, this may become a critical factor in assignment selection and acceptance where the custody of children is involved. The associated legal constraints, such as obtaining the consent of the other parent to take the child (or children) out of the home country, and visiting/access rights, may prove to be a major barrier to the international mobility of both single mothers and single fathers.

19.5 COUNTRY / CULTURAL REQUIREMENTS :

International firms are usually required to demonstrate that a HCN is not available before the host government will issue the necessary work permit and entry visa for the desired PCN or TCN. In some cases, the multinational may wish to use an expatriate and has selected a candidate for the international assignment, only to find the transfer blocked by the host government. Many developed countries are changing their legislation to facilitate employment-related immigration which will make international transfers somewhat easier – for example the European Union Social Charter allows for free movement of citizens of member countries within the EU. It is important that HR staff keep up-to-date with relevant legislative changes in the countries in which the MNE is involved.

An important related point is that generally a work permit is granted to the expatriate only. The accompanying spouse or partner may not be permitted to work in the host country. Increasingly, multinationals are finding that the inability of the spouse to work in the host country may cause the selected candidate to reject the offer of an international assignment. If the international assignment is accepted, the lack of a work permit for the accompanying spouse or partner may cause difficulties in adjustment and even contribute to long term failure. For these reasons, some multinationals provide assistance in this regard.

Further, the host country may be an important determinant. Some regions and countries are considered 'hardship postings': remote areas away from major cities or modern facilities; or war-torn regions with high physical risk. Accompanying family members may be an additional responsibility that the multinational does not want to bear. There may be a reluctance to select females for certain Middle East or South East Asian regions and in some countries a work permit for a female expatriate will not be issued. These aspects may result in the selection of HCNs rather than expatriates.

To overcome this problem, a group of more than 20 large multinationals (including Shell, British Airways, Unilever, PricewaterhouseCoopers, and Siemens) has established an organization called 'Permits Foundation', in an attempt to promote the improvement of work permit regulations for spouses of expatriates. It also aims to raise government awareness of the connection between work permits and employee mobility.

19.6 MNE REQUIREMENTS :

Selection decisions are influenced by the specific situation of the MNE. For example, the MNE may consider the proportion of expatriates to local staff when making selection decisions, mainly as an outcome of its staffing philosophy. However, operations in particular countries may require the use of more PCNs and TCNs than would normally be the case, as multinationalso operating in parts of Eastern Europe and China are discovering. Furthermore, the mode of operation involved needs to be considered. Selecting staff to work in an international joint venture may involve major input from the local partner, and could be heavily constrained by the negotiated agreement on selection processes.

19.6.1 Language :

Language skills may be regarded as of critical importance for some expatriate positions, but lesser in others, though some would argue that knowledge of the host country's language is an important aspect of expatriate performance, regardless of the level of position. The ability to speak the local language is an aspect often linked with cross-cultural ability. Nevertheless, mastering the local language is most often not the most important qualification with respect to languages. Another component to language in the selection decision is the role of the common corporate language. As previously discussed, many multinationals adopt a common corporate language as a way of standardizing reporting systems and procedures. This is not, perhaps, an issue for PCN selection within multinationals from the Anglo-Saxon world (Britain, the US, Canada, Australia and New Zealand) where the chosen corporate language remains the same as that of the home country. However, it becomes an expatriate selection issue for multinationals from non-English speaking countries that adopt English as the corporate language, unless the posting is to a country with a shared language. For instance, a Spanish multinational, using Spanish as the corporate language, selecting a PCN to head its new subsidiary in Mexico, does not face the same language issue as a Spanish multinational, with English as its corporate language, selecting a PCN to its US facility. For the latter, fluency in English would be required Lack of fluency in the corporate language, therefore, can be a selection barrier. Prospective candidates may be eliminated from the potential pool due to a lack of at least competency in the common language. Language ability therefore may limit the MNE's ability to select the most appropriate candidate.

19.7 EXPATRIATE SELECTION PROCESSES IN PRACTICE :

Once the selection criteria for international positions have been defined, processes need to be put in place to measure these criteria. However, it is relatively common in many MNEs that international selection processes can be rather informal. As we indicated at the beginning of the section on selection criteria, most multinationals admit that technical and/or managerial skills are the dominant, sometimes only, criteria used. We have suggested that reliance on technical skills is mainly due to the fact that the reason for most international assignments is 'position filling'. Of the factors outlined in Figure 5.3, technical skills are perhaps the easiest to measure. It could be argued that Figure 5.3 represents a best practice or ideal selection model that many MNEs do not in fact use.

Harris and Brewster have argued that expatriate selection, in reality, often tends to be an ad-hoc process that they describe as the 'coffee-machine' system. They suggest that managers chatting around the coffee-machine (or water cooler) can start the selection process through a casual conversation about a vacant expatriate position that needs to be filled. A colleague may volunteer the name of a potential expatriate – thus starting an informal shortlist of candidates. What happens next, according to Harris and Brewster, is that the MNE's formal selection processes are then activated to legitimize the decision that has, in effect, already been taken around the coffee-machine. Harris and Brewster relate that this process is the most common form of selection process they encountered in their study of UK firms. They then derived a typology of selection systems to explain variations found in the way expatriate selection is conducted.

It is, of course, possible to find examples of formal, open selection processes in firms as well as informal or closed systems. Harris and Brewster note that the process can be influenced by the maturity of the MNE, its stage in the internationalization process, and its size or industry. The type of position involved, the role of the HR function in the process, and whether the multinational is reactive rather than proactive where international assignment selection is involved remain key factors in how selection processes work in MNEs.

19.7.1 Formal selection procedures :

In their comparative study, Tungli and Peiper found that in Germany, the United Kingdom and the US, structured interviews dominate the selection of expatriates in MNEs. Furthermore, recommendations and self-selection played important roles. On the contrary, in Japanese MNEs recommendations and self-selection were the most important techniques followed by tests of intercultural skills. In comparison, psychological and cognitive tests are used much less, especially in Germany and the US. The effectiveness of such tests as predictors of cultural adjustment is open to question. For example, Torbiorn comments that though desirable personality traits are specified and recommended, the tests or criteria to assess these traits are seldom convincingly validated. Likewise, Willis states that if tests are used they should be selected with care and regard for reliability and validity because, while some tests may be useful in suggesting potential problems, there appears to be little correlation between test scores and actual performance. He further adds that most of the relevant tests have been developed in the US and, therefore, may be culture-bound. The use of such tests outside the US without careful modification adds another question mark to their reliability and validity as predictors of expatriate success.

For a long time assessment centers and interviews have been recommended to select personnel for international positions. In these cases a selection board, (i.e. a group of internationally experienced managers and IHRM specialists) could be used to interview the candidates and assess their suitability for international assignments. Thus, questions should address the specifics of the work environment of international managers. Prior international experience, the ability to adjust to a foreign environment, soft skills in an intercultural context such as intercultural communication abilities and the personality of the candidate could be the focus of these interviews.

Besides selection practices focusing on the candidate, interviews can also be conducted with the spouse of the possible future expatriate. The comparative study by Tungli and Peiper revealed no significant differences concerning this practice in Germany, the United Kingdom, the US and Japan. For example, 13.6 per cent of investigated MNEs conducting interviews with the spouse. The reason for introducing this practice can be found in our discussion of premature return of expatriates – the inability of the spouse to adjust plays an important role in premature return and a number of firms are trying to minimize this risk, which may lead to an expatriate failure. Approaches that are designed for international selection processes often focus on intercultural competence. For example, the Intercultural Development Inventory suggested by Hammer, Bennett und Wiseman tests sensitivity for intercultural differences based on a 50 item questionnaire. The aim is to differentiate candidates on a dimension between ethnocentrism and ethnorelativism. While ethnocentrism is associated with denial of foreign cultures, ethnorelativism is characterized by adjustment to foreign cultures and integration. Another option to measure intercultural competence would be an intercultural assessment center. This requires a clear definition of intercultural competence and every single exercise of the assessment center would have to be designed in order to measure its dimensions. Table 5.4 provides an example of such a design used by German MNEs.

TABLE 5.4 Tasks and exercises used in an assessment center

Exercises Features	Tolerance for ambiguity	Goal orientation	Interpersonal skills	Empathy	Non-judge-mentalism	Flexibility	Metacom-munication
Presentation							
Role play							
Question-naire							
Group discussion							
Case Study							

Source: Based on T. M. Kühlmann and G. Stahl, 'Diagnose interkultureller Kompetenz: Entwicklung und Evaluierung eines Assessment Centers,' in C. I. Barmeyer and J. Bolten (eds.), *Interkulturelle Personalorganisation*, (Berlin: Verlag Wissenschaft und Praxis, 1998), p. 220. Reproduced with permission.

TABLE 5.5 Evaluation scheme for a role play in an intercultural assessment center

Dimensions	Examples for high intercultural competence	Examples for low intercultural competence
Tolerance for ambiguity	• Is patient • Shows a sense of humour	• Is impatient • Is very serious
Interpersonal skills	• Takes advantage of the time for a short conversation • Speaks about himself/private issues	• Says immediately 'Good Bye' • Speaks immediately about business
Empathy	• Puts oneself in the place of the business partner • Avoids offending behavior	• Is only aware of his/her situation • Is offending
Non-judgementalism	• Assumes unintended lateness • Does not compare to home country behavior	• Assumes intended lateness • Points to the virtue of punctuality in their home country
Flexibility	• Changes the subject • Suggest a new meeting	• Repeats continuously • Speaks about wasted opportunities
Learning orientation	• Tries to clarfiy unclear issues • Takes the arguments of the Mexican	• Does not ask to clarify unclear issues • Does not take the point of the Mexican

Source: T. Kühlmann and G. Stahl, 'Fachkompetenz allein genügt nicht – Interkulturelle Assessment Center unterstützen die gezielte Personalauswahl', *Personalführung Plus* (1996), p. 24. Reproduced with permission.

Normally, a group of IHRM managers and managers with international experience observes the candidates and evaluates the results. For the validity of the selection tools it is important that there is a clear and shared understanding of the indicators to evaluate whether the results of an exercise are positive or negative. This must be provided by the MNE or the consultants responsible for conducting the intercultural assessment center. The role play exercise outlined in IHRM in Action Case 5.2 illustrates one of these exercises and Table 5.5 shows evaluation criteria for a role play exercise

19.8 DUAL CAREER COUPLES :

So far, we have focused on defining profiles and selecting suitable candidates for international assignments. We will now consider an emerging constraint – the dual career couple – on the available pool of candidates, thus hindering the recruitment and selection process. The rise in dual career couples, along with the aging population and other family-related situations, combine to make more people immobile. Employees are prepared to state the grounds for refusal as 'family concerns'. That this justification has become more acceptable reflects a significant shift in thinking about the role of non-work aspects impinging on work-related matters. The importance of the dual career couple challenge becomes clear when we look at some numbers.

The Brookfield Global Relocation Trend Survey 2010 states that 50 per cent of spouses were employed before an assignment (but not during). However, only 9 per cent were employed both before and during the assignment (historical average 14 per cent). These figures may be partly caused by the difficult economic environment since 2008. However, the report also states:
Language and cultural difficulties may inhibit employment and the challenges of immigration may make potential employers unwilling to consider an expatriate spouse candidate who would need immigration support.

Considering these numbers it is not surprising that while the most important reason for turning down assignments reported in the Brookfield study was family concerns (83 per cent), the partner's career (47 per cent) was the second most common response. MNEs are aware of the dual career challenge and have reacted by providing a series of resources. Important support measures include language training, educational assistance, employer-sponsored work permits, and assistance with career planning.

Other solutions to the challenge of dual career couples include the following :

Inter–firm networking – Here the multinational attempts to place the accompanying spouse or partner in a suitable job with another multinational – sometimes in a reciprocal arrangement. To illustrate: a US MNE may enter into an agreement with a German MNE also operating in a city or a region, e.g. China, in order to find a position within their respective Chinese facilities for each other's accompanying partner (that is, 'you find my expatriate's spouse a job and work visa, and I will do likewise for you'). Alternatively, a local supplier, distributor, or joint venture partner may agree to employ the accompanying spouse/partner.

Job–hunting assistance – Here the MNE provides spouse/partner assistance with the employment search in the host country. This may be done through employment agency fees, career counseling, or simply work permit assistance. Some may provide a fact-finding trip to the host location before the actual assignment.

Intra–firm employment – This is perhaps a logical but often a somewhat difficult solution. It means sending the couple to the same foreign facility, perhaps the same department. Not all multinationals (nor all couples) are comfortable with the idea of having a husband and wife team in the same work location and there can often be significant difficulties obtaining work visas for such arrangements.

On–assignment career support – Some time ago Motorola provided an example of how a multinational may assist spouses to maintain and even improve career skills through what Motorola called its Dual-Career Policy. This consisted of a lump-sum payment for education expenses, professional association fees, seminar attendance, language training to upgrade work-related skills and employment agency fees. There were conditions attached, such as the spouse must have been employed before the assignment. Thus, if the spouse was unable to find suitable employment, the assignment time could be spent on career development activities.

Other examples of on-assignment assistance are providing help in establishing contacts and paying for lost spouse income. The idea is to maintain skills so that the spouse may find work upon re-entry into the home country. These attempts demonstrate that creative thinking can assist MNEs to overcome this potential barrier. It is not possible to comment with authority on how effective the above assistance schemes are in terms of overcoming the dual career barrier. However, it is clear that multinationals are attempting to address the issue and create solutions for this barrier to mobility. According to the Brookfield Global Relocation Trend Survey 2010:

Spouses and partners feel strongly that their professional lives are valid concerns – both during and after international assignments. After all, 50 per cent of spouses were employed before such assignments. Consequently, they are demanding that companies assist them in maintaining their careers – especially when economic conditions make this difficult.

Besides supporting the expatriate's spouse before, during and after the international assignment MNEs can also choose to offer non-standard assignments as described earlier in this chapter – commuter and virtual assignments seem to provide relevant options here. Are female expatriates different? Our final issue in terms of selection for international assignments is related to gender. The typical expatriate still tends to be male. The Brookfield Global Relocation Trend Survey found in 2010 that 17 per cent of all expatriates were female (historical average in the Brookfield Reports: 16 per cent). However, there is a trend towards increasing numbers of female expatriates. For example, in 1984 Adler reported a survey of international HR practices in over 600 US and Canadian companies that found only three per cent of the 13 338 expatriates identified were female. She found that female expatriates tended to be employed by companies with over 1000 employees in the banking, electronics, petroleum and publishing industries.

Researchers have continued to examine why so few expatriates are female. Is it because they were unwilling to relocate? Is it attitudinal? Does it reflect a common preconception that men in some cultures, such as certain Asian countries, do not like reporting to female managers, particularly foreign women, and therefore women should not be posted overseas. This unspoken assumption may contribute to what has been referred to as ‘the glass border that supports the glass ceiling’. However, this is a view that has no strong empirical support.

A number of studies challenge some of the attitudes regarding the suitability of females for international assignments. For example, Stroh, Varma and Valy-Durbin found that US and Canadian women are interested in and likely to accept international assignments, though there are response variations between those with children and those without. However, the women in this study tended to believe that their firms were hesitant to ask them to accept an international assignment, though supervisors (whether male or female) did not necessarily share that belief.

Further, performance of female expatriates was found initially to be affected by host country prejudice regarding the role of women in certain countries – considered as culturally tough assignment locations. However, the longer the women were on such assignments, the less they perceived that prejudice was a barrier to effectiveness. Caligiuri and Tung, in their study of female and male expatriates in a US-based multinational found that females can perform equally as well as their male counterparts regardless of a country’s attitude toward women in managerial positions.

Taking a different approach in her study of Austrian female expatriates, Fischlmayr1 used the concepts of external and self-established barriers to explore why women are under represented in international assignments.

Through 21 interviews with HR managers and female expatriates in Austrian multinationalso from various industries and positions, Fischlmayr found that attitudes of HR dir were a major barrier to the selection of female expatriates, though self-established barriers were also very strong. Females in Austrian companies often had to specifically request an international assignment whereas their male colleagues were required to take international assignments. Further, some women regarded their age as a factor in terms of others’ perceptions and expectations about their behavior. The older the woman, the easier it was to obtain a position overseas. Fischlmayr concludes that women are partly to blame for their under-representation.

TABLE 5.6 Strategies for breaking the expatriate glass ceiling Strategies For female expatriates For MNEs Pre – assignment strategies

Strategies	For female expatriates	For MNEs
Pre-assignment strategies	• Self awareness • Understanding their own strengths, and recognize the values and emotions that one identifies with based on upbringing and culture • Using those strengths and skills to the fullest advantage • Planning one's life as well as one's career • Development of the relationships and social networks • Finding and using mentors as well as corresponding with female expatriates for advice and guidance	• Begin with a thorough review of their selection criteria for overseas assignments • Eliminate, through policy and training, any overt or subtle gender biases in the selection process • Train selection decision-makers to avoid the subtle gender biases in the selection process • Trailing spouse and 'dual-career' issues should be discussed and provided for regardless of the manager's gender • Make a more concerted effort to insert women into the relevant informal and formal organizational networks
On-assignment strategies	• Finding and using mentors as a key to success • Develop the willingness and skill to absorb knowledge from the local settings	• Consider assigning female expatriates to countries where they are likely to have a greater opportunity to adjust quickly, develop, and grow, particularly earlier in their careers • Consider and develop possibilities for short-term assignments • Continued training and mentoring
Post-assignment strategies	• Simply acknowledging that the likelihood of extensive use of knowledge is unlikely • Female expatriates may think and act more entrepreneurially, taking even greater responsibility for managing their careers	• Psychological contract must be fulfilled when an expatriate returns e.g. pay particularly attention to the continued mentoring and training, opportunities for the expatriates to use their new expertise

Source: G. Insch, N. McIntyre and N. Napier, 'The Expatriate Glass Ceiling: The Second Layer of Glass', *Journal of Business Ethics*, Vol. 83, No. 1 (2008), pp. 19–28. Reproduced with permission via Rightslink.

19.9 SUMMARY :

This chapter has expanded on the role of staffing, recruitment and selection in international operations for sustaining international business operations. The following issues were discussed: We have outlined the various approaches to staffing international operations – ethnocentric, polycentric, geocentric, and regiocentric and discussed their advantages and disadvantages. In addition, we presented a model delineating factors that may determine the choice of these options: Context specificities, MNE characteristics, features of the local unit as well as IHRM practices. Primary reasons for using international assignments include position filling, management development and organization development. There are indicators that the importance of management development is increasing. Various types of international assignments can be distinguished: short, extended and long-term (traditional); and non-standard forms such as commuter, rotational, contractual, virtual and selfinitiated assignments. All are presented including implications for the MNE as well as for the individual. Roles of expatriates are complex. They can act as an agent for direct control, as an agent for socialization, as a network builder, as a boundary spanner and as a language node. These various roles of the expatriate help to explain why expatriates are utilized and illustrate why international assignments continue to be an important aspect of international business from the organization's perspective. We placed emphasis on the fact that non-expatriates are also critical to international business operations. International business travelers present their own challenges, such as the effect of frequent absences on family and home life, the possible negative health effects, and other stress factors. The management of such individuals though does not appear to fall within the domain of the HR department. Another important development in IHRM is the role of inpatriates. This is a group of employees who only differ by definition from expatriates because it includes only those employees who are sent to the headquarters by foreign locations and not those who are assigned by the headquarters.

19.10 KEY WORDS :

Expatriate in Human Resource Management (HRM), commonly shortened to expat, is someone living in a country different to their own for the purposes of undertaking a short or long-term overseas work assignment. This can include employees sent to manage a new office or set up a new location

An **inpatriat**e is an employee who is transferred from a foreign subsidiary to the home country headquarters of a multinational company. The assignment is usually long-term.

Multinational Enterprise : A multinational enterprise, abbreviated as MNE and sometimes also called multinational corporation (MNC), just multinational or international corporation, is an enterprise producing goods or delivering services in more than one country

19.11 SELF ASSESSMENT QUESTIONS :

1. Briefly Explain the Recruitment and Selection for International managers
2. Discuss the Antecedents of Cross cultural Adjustment
3. Describe the Expatriate Selection Processes in Practice

19.12 SUGGESTED READINGS :

1. Adler, N. J. and Gundersen, A. International Dimensions ofOrganizational behavior, 5th ed. (Mason, CA: ThomsonSouth-Western, 2008).
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Dr. V. Naga Nirmala

LESSON – 20

INTERNATIONAL PRODUCTIVITY AND QUALITY OF WORK LIFE

LEARNING OBJECTIVES :

- ✓ To Understand the International compensation and Productivity
- ✓ To know the key components of International compensation and Productivity
- ✓ To study the conditions of QWL
- ✓ To Analyze the Principles of QWL

STRUCTURE OF THE LESSON :

20.1 INTRODUCTION :

Global compensation practices have recently moved far beyond the original domain of expatriate pay. Compensation is increasingly seen as: a mechanism to develop and reinforce a global corporate culture, a primary source of corporate control, explicitly linking performance outcomes with associated costs, and the nexus of increasingly strident, sophisticated and public discourses on central issues of corporate governance in an international context.

Increased complexities in global pay include the growing use of outsourced activities and subsequent labor pricing needs, balancing centralization and decentralization of incentives, benefits and pensions, given the technical capabilities of web-based human resource information systems (HRIS), and balancing the need for more accurate and detailed performance metrics on international assignees with the realities of a cost-sensitive environment resulting from maturing global competitiveness.

Increasingly, domestic pay practices of long standing have been questioned as firms move into the global arena. These overt challenges to deeply held national and corporate values and pay systems include challenges to the universal applicability of incentive pay programs and what some critics view as out of control executive compensation programs, often driven by US based multinational pay systems. Critiques of US-based MNE pay for executives have recently expanded to include challenges to the effectiveness of legal and institutional forms of corporate governance and the roles, responsibilities and pay practices of corporate boards, compensation committees and the use of executive pay consultants.

Greater choice, the growing ability to systematically identify and implement heretofore novel or unrecognized pay practices, may be seen to result from increases in the transparency of pay practices around the world due to increased global media attention and reach, changes in corporate reporting regulations, the sheer number of assignments across borders, as well as the impact of the World Wide Web. It remains to be seen if this increased choice will translate into a predictable set of global pay practices.

These complexities, challenges and choices facing managers involved in global compensation decisions do not change two primary areas of focus. These individuals must manage highly complex and turbulent local details while concurrently building and maintaining a unified, strategic pattern of compensation policies, practices and values.

For MNEs to successfully manage compensation and benefits requires knowledge of employment and taxation law, customs, environment and employment practices of many foreign countries; familiarity with currency fluctuations and the effect of inflation on compensation; and an understanding of why and when special allowances must be supplied and which allowances are necessary in what countries – all within the context of shifting political, economic and social conditions. The level of local knowledge needed in many of these areas requires specialist advice and many multinationals retain the services of consulting firms that may offer a broad range of services or provide highly specialized services relevant to HRM in a multinational context.

Because of its complexity and expense, addresses PCN compensation. However, issues relevant to TCNs and HCNs are also described because they are becoming more important to the success of many MNEs. Indeed, expatriate compensation – long the preoccupation of global HR executives – is increasingly seen more as a component of a more balanced, albeit complex, system of worldwide pay. National and regional differences in the meaning, practice and tradition of pay remain significant sources of variation in the international firm. Yet these contextual sources of complexity must be balanced with strategic intent and administrative economy.14 Rather than seeing pay as an ethnocentric extension of an essentially domestic strategy, pay systems are increasingly becoming truly global – with truly global objectives.

20.2 OBJECTIVES OF INTERNATIONAL COMPENSATION AND PRODUCTIVITY :

When developing international compensation policies, an MNE seeks to satisfy several objectives. First, the policy should be consistent with the overall strategy, structure and business needs of the multinational. Second, the policy must work to attract and retain staff in the areas where the MNE has the greatest needs and opportunities. Thus, the policy must be competitive and recognize factors such as incentive for foreign service, tax equalization and reimbursement for reasonable costs. Third, the policy should facilitate the transfer of international employees in the most cost-effective manner for the firm. Fourth, the policy must give due consideration to equity and ease of administration.

The international employee will also have a number of objectives that need to be achieved from the firm's compensation policy. First, the employee will expect the policy to offer financial protection in terms of benefits, social security and living costs in the foreign location. Second the employee will expect a foreign assignment to offer opportunities for financial advancement through income and / or savings. Third, the employee will expect issues such as the cost of housing, education of children, and home leave to be addressed in the policy.

If we contrast the objectives of the MNE and the employee, we of course see the potential for many complexities and possible problems, as some of these objectives cannot be maximized on both sides. The 'war stories' about problems in international compensation that we see in HR practitioner magazines is testimony to these complexities and problems. McNulty et. al. also allude to these problems in their studies of expatriation, particularly in the Asia Pacific region.

However, if we take away the specialist jargon and allow for the international context, are the competing objectives of the firm and the employee fundamentally different from that which exists in a domestic environment? We think not. We agree with the broad thrust of an influential article by Milkovich and Bloom which argues that firms must rethink the traditional view that local conditions dominate international compensation strategy. This is again another application of the ongoing balancing act between global standardization and local customization. We will return to these issues at the end of the chapter after we have covered some of the technical aspects and complexities of compensation in an international context.

20.3 KEY COMPONENTS OF AN INTERNATIONAL COMPENSATION PROGRAM FOR EXPATRIATES :

The area of international compensation is complex primarily because multinationals must cater to three categories of employees: PCNs, TCNs and HCNs. In this section, we discuss key components of international compensation as follows.

20.3.1 Base salary :

` The term base salary acquires a somewhat different meaning when employees go abroad. In a domestic context, base salary denotes the amount of cash compensation serving as a benchmark for other compensation elements (such as bonuses and benefits). For expatriates, it is the primary component of a package of allowances, many of which are directly related to base salary(e.g. foreign service premium, cost-of-living allowance, housing allowance) as well as the basis for in-service benefits and pension contributions. It may be paid in home or local country currency or a combination of both. The base salary is the foundation block for international compensation whether the employee is a PCN or TCN. Major differences can occur in the employee's package depending on whether the base salary is linked to the home country of the PCN or TCN, or whether an international rate is paid

Foreign service inducement and hardship premium Parent-country nationals often receive a salary premium as an inducement to accept a foreign assignment, as well as a hardship premium to compensate for challenging locations. Under such circumstances, the definition of hardship, eligibility for the premium, and amount and timing of payment must be addressed. For example, where a host country's work week may be longer than that of the home country, a differential payment may be made in lieu of overtime, which is not normally paid to PCNs or TCNs. In cases in which hardship is determined, US firms often refer to the US Department of State's Hardship Post Differentials Guidelines to determine an appropriate level of payment. As a number of researchers in this field have noted over many decades18 making international comparisons of the cost of living is problematic. It is important to note, though, that these payments are more commonly paid to PCNs than TCNs. Foreign service inducements, if used, are usually made in the form of a percentage of salary, usually 5 to40 per cent of base pay, but are also sometimes offered as a lump-sum incentive (i.e. as a one-off payment made at some point during an assignment). Such payments vary, depending upon the assignment location, tax consequences, and length of assignment.

20.3.2 Allowances :

Issues concerning allowances can be very challenging to a firm establishing an overall compensation policy, partly because of the various forms of allowances that exist. In this section we will discuss the six most common allowances.

20.3.3 Cost-of-living allowance :

The cost-of-living allowance (COLA), which typically receives the most attention, involves a payment to compensate for differences in expenditures between the home country and the foreign country. COLA payments are intended to compensate for cost differentials between an expatriate's home and host country, for example, the costs of transportation, furniture and appliances, medical, alcohol and tobacco, automobile maintenance and domestic help. Family size is the predominant method for determining COLA payments, with increments provided for each child. Often this allowance is difficult to determine, so companies may use the services of organizations such as Mercer (a US-based firm) or ECA International (based in Britain). These firms specialize in providing COLA information on a global basis, regularly updated, to their clients. The COLA may also include payments for housing and utilities, and discretionary items. Various COLA indices exist, which, for example, allow an American to live like an American in Paris or which presume that the American will adapt to the assignment location by adjusting to the local life style and international living costs.

Housing allowance. The provision of a housing allowance implies that employees should been titled to maintain their home-country living standards (or, in some cases, receive accommodation that is equivalent to that provided for similar foreign employees and peers). The amount of housing allowance is determined predominantly by family size, and to some extent job level.

Other alternatives include company-provided housing (either mandatory or optional); a fixed housing allowance across a particular job level, with the expatriate 'topping up' according to personal preferences; or assessment of a portion of income, out of which actual housing costs are paid. Housing issues are often addressed on a case-by-case basis, but as a firm internationalizes, formal policies become more necessary and efficient. Financial assistance and/or protection in connection with the leasing of an expatriate's former residence is offered by many MNEs, but less so for selling a house as many MNEs encourage their employees to retain a presence in their home country real estate market. Those in the banking and finance industry tend to be the most generous, offering assistance in sale and leasing, payment of closing costs, payment of leasing management fees, rent protection and equity protection. Generally, TCNs tend to receive these benefits less frequently than PCNs

20.3.4 Home leave allowances :

Many MNEs also have a provision for home leave allowances where employers cover the expense of one or more trips back to the home country each year. The primary purpose of paying for such trips is to give expatriates the opportunity to renew family and business ties, thereby helping them to minimize adjustment problems when they are repatriated. Although firms traditionally have restricted the use of leave allowances to travel home, some firms give expatriates the option of applying home leave to foreign travel rather than returning home. Firms allowing use of home leave allowances for foreign travel need to be aware that expatriate employees with limited international experience who opt for foreign travel rather than returning home may become more homesick than other expatriates who return home for a 'reality check' with fellow employees and friends. Without the benefit of returning home to mix with employees and friends it is possible to idealize what they remember of their experience at work and home and fail to come to a measured judgment of what is good and bad in both their host and home environments. Overall, it would seem prudent for MNEs to take the view that home leave allowances should normally be used for the purpose they are provided – to give employees and their families the opportunity to renew family and business ties, thereby increasing the probability of reduced adjustment problems when they are repatriated.

20.3.5 Education allowances :

The provision of education allowances for the children of expatriates is frequently an integral part of an international compensation policy. Allowances for education can cover items such as tuition (including language classes), application and enrolment fees, books and supplies, meals, transportation, excursions and extra-curricular activities, parent association fees, school uniforms and, if applicable, room and board. Although school uniforms are not common in the USA, it is common practice (and in many countries compulsory) for school children to wear uniforms, particularly in international schools. PCNs and TCNs usually receive similar treatment concerning educational expenses, but the level of education provided for and the adequacy of local public schools versus international schools may present problems for multinationals. International schools (e.g. United World College of South East Asia, British

International School Shanghai) are far more expensive than local public schools but are preferred by many expatriates because these schools follow the home-country curriculum and cater to a globally diverse student body more capable of supporting ‘third culture kids’. The cost of local and international schools for dependent children from kindergarten through to high school are typically covered by the employer ORC reports that 95 per cent of MNEs contribute to the educational expenses of expatriate children. However, there may be restrictions depending on the age of children (pre-school, day care and university are typically not covered), availability of school places, and their fees. In a number of countries attendance at schools in the host location may be seen as unsuitable and the MNE may cover (or contribute towards) the costs of children attending a private boarding school elsewhere (e.g. the costs of room and board as well as other transportation costs to cover parental visits and school holiday travel). The costs of attendance at a university may also be provided for by multinationals, when deemed necessary, but this is rare.

20.3.6 Relocation allowances :

Items typically covered by relocation allowances include moving, shipping and storage charges; temporary living expenses; subsidies regarding appliance or car purchases (or sales); and down payments or lease-related charges. Allowances regarding perquisites (cars, drivers, club memberships, servants and so on) may also need to be considered (usually for more senior positions, but this varies according to location). These allowances are often contingent upon tax-equalization policies and practices in both the home and the host countries. For example, in most Western countries a driver is considered a luxury, only available to very senior managers. In developing economies a driver is economical in terms of cost, effectiveness and safety. Apart from the expectation that managers use drivers, parking is frequently chaotic in developing countries (especially in large cities) and the driver also performs the function of a parking attendant. In some developing countries it is quite common for the police arrest drivers involved in traffic accidents and leave them in detention while responsibility and damages are assessed. Such a risk is unacceptable to many MNEs which do not allow their expatriate employees to drive at all in specific developing countries and provide local drivers for both the expatriate and spouse.

20.3.7 Spouse assistance :

Increasingly, many MNEs are also offering spouse assistance to help guard against or offset income lost by an expatriate’s spouse as a result of relocating abroad. Payments, on average, are capped at US$7000 per family but vary according to region. Although some MNEs may pay a one-time allowance to make up for a spouse’s lost income(averaging US$11 000 per family according to ORC25), US multinationals are beginning to focus on providing spouses with employment opportunities abroad, either by offering job search assistance, career counseling, cultural orientation, resume/CV preparation, work permit assistance and language tuition, or in more unusual cases employment in the MNE’s foreign business (subject of course to a work visa being approved by the host country government for this purpose).

Benefits :

The complexity inherent in international benefits often brings more difficulties than when dealing with compensation. Expatriate ‘benefits’ includes health care, pension plans/social security, life insurance, child allowances and profit sharing/stock option plans. Pension plans are very difficult to deal with country-to-country as national practices vary considerably. Transportability of pension plans/social security and medical coverage benefits are very difficult to normalize. Therefore, MNEs need to address many issues when considering benefits, including:

Whether or not to maintain expatriates in home-country programs, particularly if the multinational does not receive a tax deduction for it.

Whether MNEs have the option of enrolling expatriates in host-country benefit programs and / or making up any difference in coverage.

Whether expatriates should receive home-country or are eligible to receive host-country social security benefits.

Most US PCNs typically remain under their home-country benefit plan, with the exception of medical benefits: more than half of the MNEs surveyed by ORC assign their expatriates to an international healthcare plan. In some countries, expatriates cannot opt out of local social security programs. In such circumstances, the firm normally pays for these additional costs. European PCNs and TCNs enjoy portable social security benefits within the European Union. Laws governing private benefit practices differ from country to country, and firm practices also vary.

Not surprisingly, multinationals have generally done a good job of planning for the retirement needs of their PCN employees, but this is generally less the case for TCNs. There are many reasons for this: TCNs may have little or no home-country social security coverage; they may have spent many years in countries that do not permit currency transfers of accrued benefit payments; or they may spend their final year or two of employment in a country where final average salary is in a currency that relates unfavorably to their home-country currency. How their benefits are calculated and what type of retirement plan applies to them may make the difference between a comfortable retirement in a country of their choice or a forced and financially less comfortable retirement elsewhere all leave. Included as part of the employee's regular vacation, annual home leave usually provides airfares for families to return to their home countries. Rest and rehabilitation leave is also frequently available if the conditions of the host country are clearly below the standards of the home country. Typically, rest and rehabilitation leave provides the employee's family with paid airfares to a more comfortable location near the host country. In addition to rest and rehabilitation leave, emergency provisions are available in case of a death or illness in the family. Employees in hardship locations generally receive additional leave expense payments and rest and rehabilitation periods.

20.4 QUALITY OF WORK LIFE :

The term **Quality of Work Life** (QWL) aims at changing the entire organizational climate by humanizing work, individualizing organizations and changing the structural and managerial systems. It takes into consideration the socio-psychological needs of the employees. It seeks to create such a culture of work commitment in the organizations which will ensure higher productivity and greater job satisfaction for the employees.

Quality of work life refers to the favorableness or unfavorableness of the job environment of an organization for its employees. It is generic term which covers a person's feelings about every dimension of his work e.g. economic incentives and rewards, job security, working conditions, organizational and interpersonal relationships etc. The term QWL has different meanings for different people. A few important

20.4.1 Definitions of Quality of Work Life (QWL) are as follows :

According to Harrison: "**Quality of Work Life** is the degree to which work in an organization contributes to material and psychological well being of its members."

According to D.S.Cohan "**Quality of Work Life** is a process of joint decision making, collaborations and building mutual respect between management and employees."

According to the American Society of Training and Development "**Quality of Work Life** is a process of work organization which enables its members at all levels to participate actively and effectively in shaping the organizations' environment, methods and outcomes. It is a value based process which is aimed towards meeting the twin goals of enhanced effectiveness of the organization and improved quality of life at work for the employees".

Quality of Work Life influences the productivity of the employees. Researchers have proved that good QWL leads to psychologically and physically healthier employees with positive feelings.

Richard E. Walton explains quality of work life in terms of eight broad conditions of employment that constitute desirable quality of work life. He proposed the same criteria for measuring QWL. Those criteria include :

20.5 CONDITIONS OF QWL :

20.5.1 Adequate and Fair Compensation :

There are different opinions about adequate compensation. The committee on Fair Wages defined fair wage as" . . . the wage which is above the minimum wage, but below the living wage."

20.5.2 Safe and Healthy Working Conditions :

Most of the organizations provide safe and healthy working conditions due to humanitarian requirements and/or legal requirements. In fact , these conditions are a matter or enlightened self interest.

20.5.3 Opportunity to Use and Develop Human Capacities :

Contrary to the traditional assumptions, QWL is improved… "to the extent that the worker can exercise more control over his or her work, and the degree to which the job embraces and entire meaningful task" … but not a part of it. Further, QWL provides for opportunities like autonomy in work and participation in planning in order to use human capabilities.

20.5.4 Opportunity for Career Growth :

Opportunities for promotions are limited in case of all categories of employees either due to educational barriers or due to limited openings at the higher level. QWL provides future opportunity for continued growth and security by expanding one's capabilities, knowledge and qualifications.

20.5.5 Social Integration in the Work Force :

Social integration in the work force can be established by creating freedom from prejudice, supporting primary work groups, a sense of community and inter-personnel openness, legal itarianism and upward mobility.

QWL provides constitutional protection to the employees only to the level of desirability as it hampers workers. It happens because the management's action is challenged in every action and bureaucratic procedures need to be followed lat that level. Constitutional protection is provided to employees on such matters as privacy, free speech, equity and due process.

20.5.7 Work and Quality of Life :

QWL provides for the balanced relationship among work, non-work and family aspects of life. In other words family life and social life should not be strained by working hours including overtime work, work during inconvenient hours, business travel, transfers, vacations etc.

20.5.8 Social Relevance of Work :

QWL is concerned about the establishment of social relevance to work in a socially beneficial manner. The workers' self esteem would be high if his work is useful to the society and the vice versa is also true.

20.5.9 Scope of Quality of Work Life :

Quality of work life is a multi dimensional aspect. The workers expect the following needs to be fulfilled by the organizations:

20.5.10 Compensation :

The reward for work should be above a minimum standard for life and should also be equitable. There should be a just an equitable balance between the effort and the reward.

20.5.11 Health and Safety :

The working environment should be free from all hazards detrimental to the health and safety of the employees. The main elements of a good physical environment for work should be reasonable hours of work, cleanliness, pollution free atmosphere, risk free work etc.

20.5.12 Job Security :

The organization should offer security of employment. Employees should not have to work under a constant concern for their future stability of work and income.

20.5.13 Job Design :

The design of jobs should be such which is capable of meeting the needs of the organization for production and the individual for satisfying and interesting work. Quality of work life can be improved if the job allows sufficient autonomy and control, provides timely feedback on performance and uses a wide range of skills.

20.5.14 Social Integration :

The workers should be able to feel a sense of identity with the organization and develop a feeling of self esteem. This includes the elimination of discrimination and individualism, whilst encouraging teams and social groups to form.

20.5.15 Social Relevance of Work :

Work should not only be a source of material and psychological satisfaction, but also a means of social welfare. An organization that has greater concern for social causes can improve the quality of work life.

20.6 SCOPE FOR BETTER CAREER OPPORTUNITIES :

The management should provide facilities to the employees for improving their skills both academic and otherwise. The management should always think of utilizing human resources for expansion and development of the organizations.

20.7 PRINCIPLES OF QUALITY OF WORK LIFE :

According to N.Q.Herrick and M.Maccoby there are four basic principles, which will humanize work and improve the Quality of Work Life:

20.7.1 The Principle of Security :

Quality of work cannot be improved until employees are relieved of the anxiety, fear and loss of future employment. The working conditions must be safe and fear of economic want should be eliminated. Job security and safety against occupational hazards is an essential precondition of humanization of work.

20.7.2 The Principle of Equity :

There should be a direct and positive relation between effort and reward. All types of discrimination between people doing similar work and with same level of performance must be eliminated. Equity also requires sharing the profits of the organization.

20.7.3 The Principle of individualism :

Employees differ in terms of their attitudes, skills, potentials etc. Therefore, every individual should be provided the opportunities for development of his personality and potential. Humanization of work requires that employees are able to decide their own pace of activities and design of work operations.

20.7.4 The Principle of Democracy :

This means greater authority and responsibility to employees. Meaningful participation in decision making process improves the quality of work life.

20.8 TECHNIQUES FOR IMPROVING QUALITY OF WORK LIFE :

The quality of work life movement is of recent origin and has a long way to go. Individual as well as organized efforts are required to improve the quality of work life for millions of workers in the country. Some of the techniques used to improve the QWL are as given below:

20.8.1 Flexible Work Schedules :

There should be flexibility in the work schedules of the employees. Alternative work schedules for the employees can be flexi time, staggered hours, compressed work week etc. Flexi time is a system of flexible working hours, staggered hours schedule means that different groups of employees begin and end work a different intervals. Compressed work week involves longer hours of work per day for fewer days per week.

20.8.2 Job Redesign :

Job redesigning or job enrichment improves the quality of the jobs. It attempts to provide a person with exciting, interesting, stimulating and challenging work. It helps to satisfy the higher level needs of the employees.

20.8.3 Opportunity for Development :

Career development is very important for ambitious and achievementoriented employees. If the employees are provided with opportunities for their advancement and growth, they will be highly motivated and their commitment to the organization will increase.

20.8.4 Autonomous Work Groups :

Autonomous work groups are also called self-managed work teams. In such groups the employees are given freedom of decision making. They are themselves responsible for planning, organizing and controlling the activities of their groups. The groups are also responsible for their success or failures.

20.8.5 Employee's Participation in Management :

People in the organization should be allowed to participate in the management decisions affecting their lives. Quality circles, Management by objectives, suggestion system and other forms of employee's participation in management help to improve the Quality of Work Life.

20.8.6 Job Security :

Employees want stability of employment. Adequate job security provided to the employees will improve the Quality of Work Life to a large extent.

20.8.7 Equitable Justice :

The principle of equitable administrative justice should be applied in disciplinary actions, grievance procedures, promotions, transfers, work assignments etc. Partiality and biasness at any stage can discourage the workers and affect the Quality of Work Life.Close attention to Quality of Work Life (QWL) provides a more humanized work environment. It attempts to serve the higher-order needs of workers as well as their more basic needs. It seeks to employ the higher skills of workers and to provide an environment that encourages them to improve their skills. The idea is that human resources should be developed and not simply used. Further, the work should not have excessively negative conditions. It should not put workers under undue stress. It should not damage or degrade their humanness. It should not be threatening or unduly dangerous. Finally, it should contribute to, or at least leave unimpaired, worker's abilities to perform in other life roles, such as citizen, spouse, and parent. That is, work should contribute to general social advancement.

20.9 SUMMARY :

Quality of Work Life (QWL) provides a more humanized work environment. It attempts to serve the higher-order needs of workers as well as their more basic needs. It seeks to employ the higher skills of workers and to provide an environment that encourages them to improve their skills. The idea is that human resources should be developed and not simply used. Further, the work should not have excessively negative conditions. It should not put workers under undue stress. It should not damage or degrade their humanness. It should not be threatening or unduly dangerous. Finally, it should contribute to, or at least leave unimpaired, worker's abilities to perform in other life roles, such as citizen, spouse, and parent. That is, work should contribute to general social advancement.

20.10 KEY WORDS :

COLA : The cost-of-living allowance, which typically receives the most attention, involves a payment to compensate for differences in expenditures between the home country and the foreign country.

Quality of Work Life : (QWL) aims at changing the entire organizational climate by humanizing work, individualizing organizations and changing the structural and managerial systems.

Flexible work schedules : Flexi time is a system of flexible working hours, staggered hours schedule means that different groups of employees begin and end work a different intervals.

20.11 SELF ASSESSMENT QUESTIONS :

1. Briefly Discuss the International compensation and Productivity
2. Explain the key components of International compensation and Productivity
3. Examine the conditions of QWL
4. Discuss the Principles of QWL

20.12 SUGGESTED READINGS :

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