

# ***HUMAN RESOURCE MANAGEMENT***

**V SEMESTER**

**BBA**

**CORE COURSE: BBA5 B07**

**2019 Admission onwards**



***UNIVERSITY OF CALICUT***

***School of Distance Education***

***Calicut University- P.O,***

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# **UNIVERSITY OF CALICUT**

## **School of Distance Education**

### **Study Material**

### **V SEMESTER**

### **BBA**

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## ***HUMAN RESOURCE MANAGEMENT***

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#### ***DISCLAIMER***

“The author shall be solely responsible for the content and views expressed in this book”

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## Syllabus

### Core Course

### **BBA5B07 HUMAN RESOURCE MANAGEMENT**

Time: 4 Hours per week

Credits: 4

Internal 20:

External 80

### **Objectives:**

To give a conceptual understanding of human resource practices in organizations.

**Learning Outcome:** On completing the course students will be able to:

1. Understand and develop insights and knowledge base of various concepts and Functions of Human Resource Management
2. Learn the latest trends in Human Resource Management.

### **Module I: Introduction to Human Resource Management:**

Meaning, definition, importance, scope and objectives of HRM; Evolution and development of HRM; Approaches to HRM- Personal management Vs Human Resource Management; HRM and competitive advantage. HR department- organisational composition, role, functions

**12 Hours**

**Module II : Procurement of HR:** Meaning and Importance of HR planning ; Job analysis---process of job analysis, job description, job specification, methods of job analysis; Conventional Vs strategic planning; Recruitment – concept, sources ; Selection – concept , Difference between recruitment and selection, process- test, interview, placement, induction and socialization; retention.

**12 Hours**

**Module III : Training and Development:** Concepts; importance; Training and development methods – Apprenticeship, understudy, job rotation, vestibule training, case study, role playing, sensitivity training, In-basket, management games, conferences and seminars, coaching and mentoring; Management Development Programs; Training process outsourcing. **14 Hours**

**Module IV : Performance Appraisal, and Compensation:** Performance appraisal -need and Importance, objectives, process and methods. Compensation- Objective, Principles, classification, factors Influencing Employee Compensation. **12 Hours**

**Module V : Overview of HRM Trends and Challenges:** Strategic HRM, Electronic HRM, Green HRM, Human Resource Information System, HR Audit, workforce diversity, downsizing, work life balance, Labour localisation. **14 Hours**

**Reference Books:**

1. Dessler, Human Resource Management, Prentice Hall of India.
2. D.A.DeCenzo and S. P. Robbins,S.L Verhulust, Human Resource Management, Wiley.
3. GrayDesler,BijuVarkkey, Human Resource Management,Pearson Education.
4. K.Aswathappa,Human Resource Management Text and Cases, McGraw Hill Education.
5. VSP Rao, Human Resource Management, Excel Books.



## **MODULE I**

### **INTRODUCTION TO HUMAN RESOURCE MANAGEMENT**

Human Resource management is the most happening function as of now. This is so because people offer competitive advantage to a firm and managing people is the domain of HRM. An organization enjoys competitive advantage when it is the only one which can offer a product at a price and at quality while its competitors cannot do so.

Fast changes are taking place in the business environment. An organization must have the ability to absorb these changes at a fast rate than in the past, not simply to prove its competency alone but to justify its existence in the dynamic business world as well. All organizations, whether large or small must ensure themselves that they have the competent people capable of accepting this challenge.

Human resource management is a relatively modern concept, which involves arrangement of ideas and practices in managing people. Human resource is the most valuable resource in any organization because it can function only through people.

Human Resource Management has come to be recognized as an inherent part of management, which is concerned with the human resources of an organization. Its objective is the maintenance of better human relations in the organization by the development, application and evaluation of policies, procedures and programs relating to human resources to optimize their contribution towards the realization of organizational objectives.

In other words, HRM is concerned with getting better results with the collaboration of people. It is an integral but distinctive part of management, concerned with people at work and their relationships within the enterprise. HRM helps in attaining maximum individual development, desirable working relationship between employees and employers, employees and employees, and effective modeling of human resources as contrasted with physical resources. It is the recruitment, selection, development, utilization, compensation and motivation of human resources by the organization.

## **CONCEPT OF HUMAN RESOURCE MANAGEMENT**

What exactly is human resource management? Many people find HRM to be an unclear and strange concept. ‘This is not simply because of having variety of meanings to this term. This confusion is mainly due to the different interpretations found in articles and books about human resource management.

HRM is the philosophy of people management based on the belief that human resources are extremely important for sustained business success. An organization acquires competitive advantage by using its people effectively and utilizing their expertise to meet clearly defined objectives. HRM is aimed at recruiting capable, flexible and committed people. Managing and rewarding their performance and developing key competencies.

### **Meaning and Definition**

**Human Resource Management** is the process of recruitment, selection of employee, providing proper orientation and induction, providing proper training and the developing skills, assessment of employee (performance of appraisal), providing proper compensation and benefits, motivating, maintaining proper relations with labor and with trade unions,



maintaining employee's safety, welfare and health by complying with labor laws of concern state or country.

Many great scholars had defined human resource management in different ways and with different words, but the core meaning of the human resource management deals with how to manage people or employees in the organization.

**Edwin Flippo** defines- HRM as “planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved.”

**The National Institute of Personal Management** (NIPM) of India has defined human resources – personal management as “that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organization of the men and women who make up enterprise and having regard for the well – being of the individuals and of working groups, to enable them to make their best contribution to its success”.

## **FEATURES OF HRM**

The features of human resource management can be highlighted as follows:

**1. It is an inherent part of management:** Human resource management is inherent in the process of management. This function is performed by all the managers throughout the organisation rather than by the personnel department only. If a manager is to get the best of his people, he must undertake the basic responsibility of selecting people who will work under him.

**2. It is a pervasive function:** Human Resource Management is a pervasive function of management. It is performed by all managers at various levels in the organisation. It is not a responsibility that a manager can leave completely to someone else. However, he may secure advice and help in managing people from experts who have special competence in personnel management and industrial relations.

**3. It is basic to all functional areas:** Human Resource Management permeates all the functional area of management such as production management, financial management, and marketing management. That is every manager from top to bottom, working in any department has to perform the personnel functions.

**4. It is people centered:** Human Resource Management is people centered and is relevant in all types of organisations. It is concerned with all categories of personnel from top to the bottom of the organisation. The broad classification of personnel in an industrial enterprise may be as follows: (i) Blue-collar workers (i.e. those working on machines and engaged in loading, unloading etc.) and white-collar workers (i.e. clerical employees), (ii) Managerial and nonmanagerial personnel, (iii) Professionals (such as Chartered Accountant, Company Secretary, Lawyer, etc.) and non-professional personnel.

**5. It involves Personnel Activities or Functions:** Human Resource Management involves several functions concerned with the management of people at work. It includes manpower planning, employment, placement, training, appraisal and compensation of employees. For the performance of these activities efficiently, a separate department known as Personnel Department is created in most of the organisations.

**6. It is a continuous process:** Human Resource Management is not a “one shot” function. It must be performed continuously if the organisational objectives are to be achieved smoothly.

**7. It is based on Human Relations:** Human Resource Management is concerned with the motivation of human resources in the organisation. The human beings can't be dealt with like physical factors of production. Every person has different needs, perceptions and expectations.

The managers should give due attention to these factors. They require human relations skills to deal with the people at work. Human relations skills are also required in training performance appraisal, transfer and promotion of subordinates

### **Evolution of HRM**

The evolution of the concept of Human Resource Management can be analysed as follows:

**Period before industrial revolution** – The society was primarily an agriculture economy with limited production. Number of specialized crafts was limited and was usually carried out within a village or community with apprentices assisting the master craftsmen. Communication channel were limited.

**Period of industrial revolution (1750 to 1850)** – Industrial revolution marked the conversion of economy from agriculture based upon industry. Modernization and increased means of communication gave way to industrial setup. A department was set up to look into workers wages, welfare and other related issues. This led to emergence of personnel management with the major task as

- Worker's wages and salaries
- Worker's record maintenance
- Worker's housing facilities and health care

An important event in industrial revolution was growth of Labour Union (1790) the works working in the industries or factories were subjected to long working hours and very less wages. With growing unrest, workers across the world started protest and this led to the establishment of Labour unions. To deal with labour issues at one end and management at the other Personnel Management department had to be capable of politics and diplomacy, thus the industrial relation department emerged.

**Post Industrial revolution** – The term Human resource Management saw a major evolution after 1850. Various studies were released and many experiments were conducted during this period which gave HRM altogether a new meaning and importance.

A brief overview of major theories release during this period is presented below

Frederick W. Taylor gave principles of scientific management (1857 to 1911) led to the evolution of scientific human resource management approach which was involved in - Worker's training

- Maintaining wage uniformity
- Focus on attaining better productivity.

Hawthorne studies, conducted by Elton Mayo & Fritz Roethlisberger (1927 to 1940). – Observations and findings of Hawthorne experiment shifted the focus of Human resource from

increasing worker's productivity to increasing worker's efficiency through greater work satisfaction.

Douglas McGregor Theory X and Theory Y (1960) and Abraham Maslow's Hierarchy of needs (1954) – These studies and observations led to the transition from the administrative and passive Personnel Management approach to a more dynamic Human Resource Management approach which considered workers as a valuable resource.

As a result of these principles and studies, Human resource management became increasingly line management function, linked to core business operations. Some of the major activities of HR department are listed as-

1. Recruitment and selection of skilled workforce.
2. Motivation and employee benefits
3. Training and development of workforce
4. Performance related salaries and appraisals.

## **APPROACHES TO HRM**

John Storey (1989) distinguished two approaches that describe the concept of Human Resources Management.

### **Hard HRM**

The hard version of HRM traces its roots from the concept of scientific management postulated by Fredrick W Taylor in the early 20th century.

Basically scientific management advocated for the adoption of a set of management techniques that would increase Organizational efficiency and productivity.

The management techniques mainly involved the scientific measurement of work through time and method studies, standardization of work tools, functional foremanship, differential pay-rate systems, cost containment and instructional cards for workers etc.

The humane side of scientific management was that it embraced the concept of the worker as a “rational economic man whose individualistic nature required motivation to gain the best out of him.

**NB:** The Hard HRM version resembles in many ways the characteristics of scientific management mentioned above.

The fundamental point to note is that Hard HRM like scientific management seeks to achieve organizational efficiency through the organization’s human resources.

This is achieved through utilitarian instrumentalism, which entails that organizations must use their human resources to achieve its desired goals.

Thus Hard HRM is quantitative in nature as it focuses on the strategic needs of the organization in terms of the amount of human resources it requires and which must be treated with rationality like any other factor of production.

Hard HRM is purely market driven and it adopts a business-oriented philosophy as it aims to manage people in a way that adds value and one which brings competitive advantage.

The hard version of HRM is more common in a capitalist set up where people are regarded as human capital, which can bring profit after investing in it.

Also the worker is regarded as a commodity, which can be exchanged.

### ***Soft HRM***

The soft version of HRM traces its roots to the human relations school of thought led by Elton Mayo in the Hawthorne studies from 1927-1932 at the Western Electric Company in Chicago.

Human Relations emphasized the human dimension of workers through the demonstration of the importance of group pressures, social relations, and attitudes towards supervision as determinants of productivity.

The organization is a social system as well as a techno-economic system with emphasis on the importance of both the formal and the informal group.

Similarly soft HRM is premised on the need to treat employees as 'whole men', valued assets, and the most important source of competitive advantage as opposed to treating them as objects.

It emphasizes more on effective communication, training and development, motivation, culture, values and involvement as sources of employee commitment, which is crucial for gaining competitive advantage.

The thrust of soft HRM is thus based on mutuality of purpose, which renders it unitarist in nature.

**NB:** Soft HRM can be said to embrace developmental humanism as opposed to utilitarian instrumentalism in hard HRM

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## **H R Management Vs. Personnel Management**

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<b>HRM</b>	<b>Personnel Management</b>
HRM is the latest development in the evaluation of management of man	Personnel management precedes HRM
It gives more importance to the abilities of employees rather than evaluating them as per rules.	Performance is evaluated within the framework of rules.
It works on the basis of integrated initiative	It works on the basis of piecemeal initiative
Process of decision making is fast	Process of decision making is slow
It supports performance related remuneration	It supports fixed remuneration
It uses latest techniques of training and development	It uses outdated techniques of training and Development
It practices division of work along with team work	It practices only division of work
It favours all round development of employees	It favours contractual employment based on written agreement



## **Scope of Human Resource Management**

### **1. Personnel Aspect**

**Human Resource Planning** – It is the process by which the organization identifies the number of jobs vacant.

**Job Analysis and Job Design** – Job analysis is the systematic process for gathering, documenting, and analyzing data about the work required for a job. Job analysis is the procedure for identifying those duties or behavior that defines a job.

**Recruitment and Selection** – Recruitment is the process of preparing advertisements on the basis of information collected from job analysis and publishing it in newspaper. Selection is the process of choosing the best candidate among the candidates applied for the job.

**Orientation and Induction** – Making the selected candidate informed about the organization's background, culture, values, and work ethics.

**Training and Development** – Training is provided to both new and existing employees to improve their performance.

**Performance Appraisal** – Performance check is done of every employee by Human Resource Management. Promotions, transfers, incentives, and salary increments are decided on the basis of employee performance appraisal.

**Compensation Planning and Remuneration** – It is the job of Human Resource Management to plan compensation and remunerate.

Motivation – Human Resource Management tries to keep employees motivated so that employees put their maximum efforts in work.

2. **Welfare Aspect** – Human Resource Management have to follow certain health and safety regulations for the benefit of employees. It deals with working conditions, and amenities like - canteens, crèches, rest and lunch rooms, housing, transport, medical assistance, education, health and safety, recreation facilities, etc.

3. **Industrial Relation Aspect** – HRM works to maintain co-ordinal relation with the union members to avoid strikes or lockouts to ensure smooth functioning of the organisation. It also covers - joint consultation, collective bargaining, grievance and disciplinary procedures, and dispute settlement.

### **Importance of Human Resource Management**

Human Resource Management is related with effective utilization of human resources. The importance of HRM can be discussed as:

#### **1. Importance concerned with individual organization**

Human Resource Management can help an organization to achieve to its objective more efficiently and effectively in the followingways:

(a) Procurement of required talents through recruitment, selection, placement, inducting, training, compensation and promotion policies.

(b) Secures co-operation of all employee of the organization for achieving goals.

(c) Proper utilization of human resources for the success of the enterprise.

(d) Ensure a future team of efficient and competent workers required for the organization.

## 2. Professional Importance

Professional competency among employees can be achieved through the following ways.

(a) Human resource management provides maximum opportunities to employees for their personnel development.

(b) Providing healthy relationship among employees

(c) Proper allocation of work among employees.

(d) Providing training facilities for the individual development of employees.

## 3. Social Importance

HRM is important in social perspective also. It includes the following aspects:

(a) Human resource management enhances the dignity of labour.

(b) Provides suitable job to suitable person and it will help to satisfy the psychological and social satisfaction of employees.

(c) Helps to provide reasonable compensation to workers, which leads them to have a good standard of living.

(d) Helps to maintain a balance between jobs and job seekers in terms of numbers, qualification, aptitude etc.

(e) Takes health and safety measures which ensures physical and mental health of the employees.

#### 4. National Importance

Effective management of human resources will speed up the economic growth of nation. This in turn leads to better standard of living and more job opportunities.

### **Human Resource Management: Objectives**

- To help the organization reach its goals.
- To ensure effective utilization and maximum development of human resources.
- To ensure respect for human beings. To identify and satisfy the needs of individuals.
- To ensure reconciliation of individual goals with those of the organization.
- To achieve and maintain high morale among employees.
- To provide the organization with well-trained and well-motivated employees.
- To increase to the fullest the employee's job satisfaction and self-actualization.
- To develop and maintain a quality of work life.
- To be ethically and socially responsive to the needs of society.
- To develop overall personality of each employee in its multidimensional aspect.
- To enhance employee's capabilities to perform the present job.

- To equip the employees with precision and clarity in transactions of business.
- To inculcate the sense of team spirit, team work and inter-team collaboration.

### **Human Resource Activities**

In order to achieve the above objectives, Human Resource Management undertakes the following activities:

1. Human resource or manpower planning.
2. Recruitment, selection and placement of personnel.
3. Training and development of employees.
4. Appraisal of performance of employees.
5. Taking corrective steps such as transfer from one job to another.
6. Remuneration of employees.
7. Social security and welfare of employees.
8. Setting general and specific management policy for organizational relationship.
9. Collective bargaining, contract negotiation and grievance handling.
10. Staffing the organization.
11. Aiding in the self-development of employees at all levels.
12. Developing and maintaining motivation for workers by providing incentives.

13. Reviewing and auditing manpower management in the organization

14. Potential Appraisal Feedback Counseling.

15. Role Analysis for job occupants.

16. Job Rotation.

17. Quality Circle, Organization development and Quality of Working Life

## **Functions**

### **Human Resource Management Functions:**

#### **Managerial, Operative and Advisory Function**

Some of the major functions of human resource management are as follows:

1. Managerial Functions
2. Operative Functions
3. Advisory Functions.

Human Resource or Personnel Department is established in most of the organizations, under the charge of an executive known as Human Resource/Personnel Manager. This department plays an important role in the efficient management of human resources.

The personnel department gives assistance and provides service to all other departments on personnel matters. Though personnel or human resource manager is a staff officer in relation to other departments of the enterprise, he has a line authority to get orders executed within his department.

- (i) Managerial,
- (ii) Operative and
- (iii) Advisory functions.

## **1. Managerial Functions:**

The Human Resource Manager is a part of the organisational management. So he must perform the basic managerial functions of planning, organising, directing and controlling in relation to his department.

**There functions are briefly discussed below:**

### **1. Planning:**

To get things done through the subordinates, a manager must plan ahead. Planning is necessary to determine the goals of the organisation and lay down policies and procedures to reach the goals. For a human resource manager, planning means the determination of personnel programs that will contribute to the goals of the enterprise, i.e., anticipating vacancies, planning job requirements, job descriptions and determination of the sources of recruitment.

The process of personnel planning involves three essential steps.

Firstly, a supply and demand forecast for each job category is made. This step requires knowledge to both labour market conditions and the strategic posture and goals of the organisation.

Secondly, net shortage and excess of personnel by job category are projected for a specific time horizon.

Finally, plans are developed to eliminate the forecast shortages and excess of particular categories of human resources.

## 2. Organizing:

Once the human resource manager has established objectives and developed plans and programs to reach them, he must design and develop organisation structure to carry out the various operations.

**The organization structure basically includes the following:**

- (i) Grouping of personnel activity logically into functions or positions;
- (ii) Assignment of different functions to different individuals;
- (iii) Delegation of authority according to the tasks assigned and responsibilities involved;
- (iv) Co-ordination of activities of different individuals.

## 3. Directing:

The plans are to be put into effect by people. But how smoothly the plans are implemented depends on the motivation of people. The direction function of the personnel manager involves encouraging people to work willingly and effectively for the goals of the enterprise.

In other words, the direction function is meant to guide and motivate the people to accomplish the personnel programs. The personnel manager can motivate the employees in an organisation through career planning, salary administration, ensuring employee morale, developing cordial relationships and provision of safety requirements and welfare of employees.

The motivational function poses a great challenge for any manager. The personnel manager must have the ability to identify the needs of employees and the means and methods of satisfy those needs.



Motivation is a continuous process as new needs and expectations emerge among employees when old ones are satisfied.

#### 4. Controlling:

Controlling is concerned with the regulation of activities in accordance with the plans, which in turn have been formulated on the basis of the objectives of the organisation. Thus, controlling completes the cycle and leads back to planning. It involves the observation and comparison of results with the standards and correction of deviations that may occur.

Controlling helps the personnel manager to evaluate the control the performance of the personnel department in terms of various operative functions. It involves performance appraisal, critical examination of personnel records and statistics and personnel audit.

## **2. Operative Functions:**

The operative functions are those tasks or duties which are specifically entrusted to the human resource or personnel department. These are concerned with employment, development, compensation, integration and maintenance of personnel of the organisation.

**The operative functions of human resource or personnel department are discussed below:**

#### 1. Employment:

The first operative function of the human resource of personnel department is the employment of proper kind and number of persons necessary to achieve the objectives of the organisation. This involves recruitment, selection, placement, etc. of the personnel.

Before these processes are performed, it is better to determine the manpower requirements both in terms of number and quality of the personnel. Recruitment and selection cover the sources of supply of labour and the devices designed to select the right type of people for various jobs. Induction and placement of personnel for their better performance also come under the employment or procurement function.

## 2. Development:

Training and development of personnel is a follow up of the employment function. It is a duty of management to train each employee properly to develop technical skills for the job for which he has been employed and also to develop him for the higher jobs in the organisation. Proper development of personnel is necessary to increase their skills in doing their jobs and in satisfying their growth need.

For this purpose, the personnel departments will devise appropriate training programs. There are several on- the-job and off-the-job methods available for training purposes. A good training program should include a mixture of both types of methods. It is important to point out that personnel department arranges for training not only of new employees but also of old employees to update their knowledge in the use of latest techniques.

## 3. Compensation:

This function is concerned with the determination of adequate and equitable remuneration of the employees in the organisation of their contribution to the organisational goals. The personnel can be compensated both in terms of monetary as well as non-monetary rewards.

Factors which must be borne in mind while fixing the remuneration of personnel are their basic needs, requirements of jobs, legal provisions regarding minimum wages, capacity of the organisation to pay, wage level afforded by competitors etc. For fixing the wage levels, the personnel department can make use of certain techniques like job evaluation and performance appraisal.

#### 4. Maintenance (Working Conditions and Welfare):

Merely appointment and training of people is not sufficient; they must be provided with good working conditions so that they may like their work and workplace and maintain their efficiency.

Working conditions certainly influence the motivation and morale of the employees.

These include measures taken for health, safety, and comfort of the workforce. The personnel department also provides for various welfare services which relate to the physical and social wellbeing of the employees. These may include provision of cafeteria, rest rooms, counseling, group insurance, education for children of employees, recreational facilities, etc.

#### 5. Motivation:

Employees work in the organisation for the satisfaction of their needs. In many of the cases, it is found that they do not contribute towards the organisational goals as much as they can. This happens because employees are not adequately motivated. The human resource manager helps the various departmental managers to design a system of financial and non-financial rewards to motivate the employees.

## 6. Personnel Records:

The human resource or personnel department maintains the records of the employees working in the enterprise. It keeps full records of their training, achievements, transfer, promotion, etc. It also preserves many other records relating to the behaviour of personnel like absenteeism and labour turnover and the personnel programs and policies of the organisation.

## 7. Industrial Relations:

These days, the responsibility of maintaining good industrial relations is mainly discharged by the human resource manager. The human resource manager can help in collective bargaining, joint consultation and settlement of disputes, if the need arises. This is because of the fact that he is in possession of full information relating to personnel and has the working knowledge of various labour enactments.

The human resource manager can do a great deal in maintaining industrial peace in the organisation as he is deeply associated with various committees on discipline, labour welfare, safety, grievance, etc. He helps in laying down the grievance procedure to redress the grievances of the employees. He also gives authentic information to the trade union leaders and conveys their views on various labour problems to the top management.

## 8. Separation:

Since the first function of human resource management is to procure the employees, it is logical that the last should be the separation and return of that person to society. Most people do not die on the job. The organisation is responsible for meeting certain requirements of due process in separation, as well as assuring that the returned person is in as good shape as possible.

The personnel manager has to ensure the release of retirement benefits to the retiring personnel in time.

### **3. Advisory Functions:**

Human resource manager has specialized education and training in managing human resources. He is an expert in his area and so can give advice on matters relating to human resources of the organization.

#### **He offers his advice to:**

##### **1. Advised to Top Management:**

Personnel manager advises the top management in formulation and evaluation of personnel programs, policies and procedures. He also gives advice for achieving and maintaining good human relations and high employee morale.

##### **2. Advised to Departmental Heads:**

Personnel manager offers advice to the heads of various departments on matters such as manpower planning, job analysis and design, recruitment and selection, placement, training, performance appraisal, etc.

### **Personnel Management vs. Human Resource Management**

Both the terms refer to the one and the same function of the management and that is managing the people at work. However, Human Resource Management is mainly focused on best utilizing the man power by understanding their strength and weaknesses and engaging them in different occupations so that their productivity can be increased. Therefore, training and development and employee engagements are part of it. Personnel Management, on the other hand, is mainly concerned with

maintaining good employee- employer relationship and activities connected with it. Therefore, Personnel Management mainly works around Industrial/ Employee/ Labour Relations and activities connected with grievance handling, negotiations, enforcement of labour statute, looking after welfare of employees and so on.

Personnel Management is thus basically an administrative record-keeping function, at the operational level. Personnel Management attempts to maintain fair terms and conditions of employment, while at the same time, efficiently managing personnel activities for individual departments etc. It is assumed that the outcomes from providing justice and achieving efficiency in the management of personnel activities will result ultimately in achieving organizational success.

Human resource management is the new version of personnel management. There is no any watertight difference between human resource management and personnel management. However, there are some differences in the following matters.

1. Personnel management is a traditional approach of managing people in the organization. Human resource management is a modern approach of managing people and their strengths in the organization.
2. Personnel management focuses on personnel administration, employee welfare and labor relation. Human resource management focuses on acquisition, development, motivation and maintenance of human resources in the organization.
3. Personnel management assumes people as a input for achieving desired output. Human resource management assumes people as an important and valuable resource for achieving desired output.

4. Under personnel management, personnel function is undertaken for employee's satisfaction. Under human resource management, administrative function is undertaken for goal achievement.
5. Under personnel management, job design is done on the basis of division of labor. Under human resource management, job design function is done on the basis of group work/team work.
6. Under personnel management, employees are provided with less training and development opportunities. Under human resource management, employees are provided with more training and development opportunities.
7. In personnel management, decisions are made by the top management as per the rules and regulation of the organization. In human resource management, decisions are made collectively after considering employee's participation, authority, decentralization, competitive environment etc.
8. Personnel management focuses on increased production and satisfied employees. Human resource management focuses on effectiveness, culture, productivity and employee's participation.
9. Personnel management is concerned with personnel manager. Human resource management is concerned with all level of managers from top to bottom.
10. Personnel management is a routine function. Human resource management is a strategic function.

### **New Role of Human Resource Management**

Human Resource Management in the “New Millenium” has undergone a great revolution by questioning the accepted practices and re-inventing the organisations as well as structures.

Many traditional practices have been thrown out. As an example, it can be seen that hierarchies are vanishing and there is greater emphasis on flat organisations. It means a great deal of specialisation and skills. It also means upgrading the norms and standards of work as well as performance. The new role of human resource management is much more strategic than before.

Some of the new directions of the role of HRM can be summed up as follows:

**1. A Facilitator of Change:** To carry people through upheaval requires the true management of human resources.

**2. An Integrated Approach to Management:** Rather than being an isolated function, human resource is regarded as a core activity, one which shapes a company's values. In particular, this can have an impact on customer service.

**3. A Mediator:** Establishing and balancing the new and emerging aspirations and requirements of the company and the individual.

### **HRM and competitive advantage**

Competitive advantage in HR refers to the quality of the employees who can not be copied, unlike company's systems and processes. It comes down to the fact that companies with better employees have the competitive advantage.

HR is important as it helps in creating strong competitive advantage through their personnel management policies – productivity and employee happiness is an advantage that often results in superior customer service, which helps drive sales.

Achieving competitive success through people requires a basic change in how managers think about their employees and how they view the working relationship.



For gaining competitive advantage through people, Professor Pfeffer of Harvard University suggested few HRM guidelines and these are listed below:

### **Employment Security**

Employment security is a critical element of a high-performance work arrangement. The security of employment signals a longstanding commitment by the organization to its workforces. Feeling of stable employment may generate loyalty, commitment, or willingness to expend extra efforts for the organization's benefits.

Employment security enhances employee involvement because employees are more willing to contribute to the work process when they need not fear losing their own or co-workers' jobs.

### **Selective Recruiting**

Organizations serious about making a profit through people will expend the efforts needed to ensure that they recruit the right people in the first place. Organizations need to have a large applicant pool from which to select the right person. Organizations need to be clear about what are the most critical skills and attributes needed in their application pool. Care must be taken while selecting employees.

If organizations select a less qualified employee, he or she will be a burden for the organization for a long time.

### **High and Lucrative Wages**

An organization can attract and retain qualified candidates if it pays a high and lucrative pay package. Higher wages tend to attract more outstanding applicants, permitting the organization to be more selective in finding people who will be committed to

the organization. Higher wages send a message that the organization values its people.

### **Incentive Pay**

The pay system should be based on the performance or productivity of employees. Employees will contribute more if they earn more. The contingent incentive can take many forms, such as gain sharing, profit sharing, stock ownership, pay for skills, or various forms of individual or team incentives.

### **Employee Ownership**

Organizations should make an employee a mini-employer. This can be done by a stock ownership plan. This may increase their sense of ownership. Employee ownership reduces conflict between labor and capital. Employee ownership puts stock in the hands of people. These employees are more inclined to take a long term view of the organization, its investment policies and strategies, and less likely to support hostile takeovers and acquisitions. It has a positive effect on the firm's performance if managed properly.

### **Employee Empowerment and Participation**

Empowerment indicates many things to many experts. It refers to mutual influence, creative distribution of power, and shared responsibility. It is a democratic and long-lasting process. Empowering enables people to use their talents and capabilities, fosters accomplishment, invests in learning, finds the spirit in an organization and builds effective relationships, informs, leads, coaches, serves, creates, and liberates. Participation increases both satisfaction and employee productivity. Managers should encourage the decentralization of decision making.

## **Information Sharing**

If people are to be a source of competitive advantage, they must have the information necessary to do what is required to be successful. Information sharing is an essential element of high-performance work systems. The sharing of information on issues like budget, strategy, and financial performance conveys the people of an organization that they are trusted.

## **Training and Development of Skills**

Training is an essential component of high-performance works systems because these systems rely on front line employee's skill and initiative to identify and resolve problems, to initiate change in work methods, and to take responsibility for quality

## **Treat People with Respect and Dignity**

Dignity is a term used in moral, ethical, legal, and political discussions to signify that human being has an innate right to be valued and receive ethical treatment. At the heart of human right, it is the belief that everybody should be treated equally and with dignity – no matter what their circumstances. This means that nobody should be tortured or treated as an inhuman or degrading way. It also means that nobody has the right to 'own' another person or to force them to work under threat of punishment. And it means that everybody should have access to public services and the right to be treated fairly by those services. This applies to all public services, including the criminal justice system.

## **Wage Compression**

Pay differential among the levels of management should be lower.

Wage compression between senior managers and other employees will reduce status differences and develop a sense of common fate. A huge pay gap may damage the cooperative spirit between managers and workers. Wage compression is the situation that occurs when there is only a small difference in pay between employees regardless of their skills or experience.

### **Promotion from Within**

It is of vital importance to encourage employee promotion from within the organization. This practice may boost employee morale. It encourages training and skill development because of the availability of promotion opportunities within the firm bind workers to employers and vice versa.

## **MODULE II**

### **PROCUREMENT OF HR**

#### **HUMAN RESOURCE PLANNING**

##### **Introduction**

Human Resource Planning is concerned with the planning the future manpower requirements are the organisation. Human Resource manager ensures that the company has 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. Obviously, human resource planning primarily makes appropriate projections for future manpower needs of the organisation envisages plan for developing the manpower to suit the changing needs of the organisation from time to time, and foresees how to monitor and evaluate the future performance. It also includes the replacement plans and managerial succession plans. Human Resource planning is the process by which a management determines how an organisation should move from its current manpower position to its desired manpower position. Through planning a management strives to have the right number and the right kinds of people at the right places, at the right time, to do things which result in both the organisation and the individual receiving the maximum long-range benefit.

##### **Definitions of Human Resource Planning:**

According to Wikstrom, Human Resource Planning consists of a series of activities, viz.,

- (a) Forecasting future manpower requirements, either in terms of mathematical projections of trends in the economic environment and developments in industry, or in terms of judgemental estimates based upon the specific future plans of a company;
- (b) Making an inventory of present manpower resources and assessing the extent to which these resources are employed optimally;
- (c) Anticipating manpower problems by projecting present resources into the future and comparing them with the forecast of requirements to determine their adequacy, both quantitatively and qualitatively; and
- (d) Planning the necessary programmes of requirements, selection, training, development, utilisation, transfer, promotion, motivation and compensation to ensure that future manpower requirements are properly met.

Coleman has defined Human Resource Planning as “the process of determining manpower requirements and the means for meeting those requirements in order to carry out the integrated plan of the organisation”.

Human resource planning is a double-edged weapon. If used properly, it leads to the maximum utilisation of human resources, reduces excessive labour turnover and high absenteeism; improves productivity and aids in achieving the objectives of an organisation. Faultily used, it leads to disruption in the flow of work, lower production, less job satisfaction, high cost of production and constant headaches for the management personnel. Therefore, for the success of an enterprise, human resource planning is a very important function, which can be neglected only at its own peril.

## **Objectives of HR Planning**

The major objectives of Human Resource Planning in an organisation are to:

- (i) ensure optimum use of human resources currently employed;
- (ii) Avoid imbalances in the distribution and allocation of human resources;
- (iii) assess or forecast future skill requirements of the organisation's overall objectives;
- (iv) Provide control measure to ensure availability of necessary resources when required;
- (v) Control the cost aspect of human resources;
- (vi) Formulate transfer and promotion policies.

## **Steps in Human Resource Planning**

Human resource planning refers to a process by which companies ensure that they have the right number and kinds of people at the right place, at the right time; capable of performing diverse jobs professionally. Planning the use of human resources is an important function in every organisation. A rational estimate to various categories of personnel in the organisation is an important aspect of human resource planning. HRP involves the following steps:

**1. Analysis of Organisational Plans and Objectives:** Human resource planning is a part of overall plan of organisation. Plans concerning technology, production, marketing, finance, expansion and diversification give an idea about the volume of future work activity. Each plan can further be analysed into sub-plans and detailed programmes. It is also necessary to decide the

time horizon for which human resource plans are to be prepared. The future organisation structure and job design should be made clear and changes in the organisation structure should be examined so as to anticipate its manpower requirements.

**2. Forecasting Demand for Human Resources:** Human resource planning starts with the estimation of the number and type of personnel required at different levels and in different departments. **3. Forecasting Supply of Human Resources:** One of the important areas of human resources planning is to deal with allocation of persons to different departments depending upon the workload and requirements of the departments. While allocating manpower to different departments, care has to be taken to consider appointments based on promotions and transfers. Allocation of human resource should be so planned that available manpower is put to full use to ensure smooth functioning of all departments.

**4. Estimating Manpower Gaps:** Net human resource requirements or manpower gaps can be identified by comparing demand and supply forecasts. Such comparison will reveal either deficit or surplus of human resources in future. Deficits suggest the number of persons to be recruited from outside whereas surplus implies redundant to be redeployed or terminated. Similarly, gaps may occur in terms of knowledge, skills and aptitudes. Employees deficient in qualifications can be trained whereas employees with higher skills may be given more enriched jobs.

**5. Matching Demand and Supply :** It is one of the objectives of human resource planning to assess the demand for and supply of human resources and match both to know shortages and surpluses on both the side in kind and in number. This will enable the human resource department to know overstaffing or understaffing. Once the manpower gaps are identified, plans are



prepared to bridge these gaps. Plans to meet the surplus manpower may be redeployment in other departments and retrenchment in consultation, with the trade unions. People may be persuaded to quit through voluntarily retirement. Deficit can be met through recruitment, selection, transfer, promotion, and training plans. Realistic plans for the procurement and development of manpower should be made after considering the macro and micro environment which affect the manpower objectives of the organisation.

### **Importance of Human Resource Planning**

HRP is the subsystem in the total organizational planning. Organizational planning includes managerial activities that set the company's objective for the future and determines the appropriate means for achieving those objectives. The importance of HRP is elaborated on the basis of the key roles that it is playing in the organization.

**1. Future Personnel Needs:** Human resource planning is significant because it helps to determine the future personnel needs of the organization. If an organization is facing the problem of either surplus or deficiency in staff strength, then it is the result of the absence of effecting HR planning. All public sector enterprises find themselves overstaffed now as they never had any planning for personnel requirement and went of recruitment spree till late 1980's. The problem of excess staff has become such a prominent problem that many private sector units are resorting to VRS 'voluntary retirement scheme'. The excess of labour problem would have been there if the organization had good HRP system. Effective HRP system will also enable the organization to have good succession planning.

**2. Part of Strategic Planning:** HRP has become an integral part of strategic planning of strategic planning. HRP provides inputs

in strategy formulation process in terms of deciding whether the organization has got the right kind of human resources to carry out the given strategy. HRP is also necessary during the implementation stage in the form of deciding to make resource allocation decisions related to organization structure, process and human resources. In some organizations HRP play as significant role as strategic planning and HR issues are perceived as inherent in business management.

**3. Creating Highly Talented Personnel:** Even though India has a great pool of educated unemployed, it is the discretion of HR manager that will enable the company to recruit the right person with right skills to the organization. Even the existing staff hope the job so frequently that organization face frequent shortage of manpower. Manpower planning in the form of skill development is required to help the organization in dealing with this problem of skilled manpower shortage.

**4. International Strategies:** An international expansion strategy of an organization is facilitated to a great extent by HR planning. The HR department's ability to fill key jobs with foreign nationals and reassignment of employees from within or across national borders is a major challenge that is being faced by international business. With the growing trend towards global operation, the need for HRP will as well will be the need to integrate HRP more closely with the organizations strategic plans. Without effective HRP and subsequent attention to employee recruitment, selection, placement, development, and career planning, the growing competition for foreign executives may lead to expensive and strategically descriptive turnover among key decision makers.

**5. Foundation for Personnel Functions:** HRP provides essential information for designing and implementing personnel functions,

such as recruitment, selection, training and development, personnel movement like transfers, promotions and layoffs.

**6. Increasing Investments in Human Resources:** Organizations are making increasing investments in human resource development compelling the increased need for HRP. Organizations are realizing that human assets can increase in value more than the physical assets. An employee who gradually develops his/ her skills and abilities become a valuable asset for the organization. Organizations can make investments in its personnel either through direct training or job assignment and the rupee value of such a trained, flexible, motivated productive workforce is difficult to determine. Top officials have started acknowledging that quality of work force is responsible for both short term and long term performance of the organization.

**7. Resistance to Change:** Employees are always reluctant whenever they hear about change and even about job rotation. Organizations cannot shift one employee from one department to another without any specific planning. Even for carrying out job rotation (shifting one employee from one department to another) there is a need to plan well ahead and match the skills required and existing skills of the employees.

**8. Succession Planning:** Human Resource Planning prepares people for future challenges. The ‘stars’ are picked up, trained, assessed and assisted continuously so that when the time comes such trained employees can quickly take the responsibilities and position of their boss or seniors as and when situation arrives.

**9. Other Benefits:** (a) HRP helps in judging the effectiveness of manpower policies and programmes of management. (b) It develops awareness on effective utilization of human resources for the overall development of organization. (c) It facilitates selection and training of employees with adequate knowledge,

experience and aptitudes so as to carry on and achieve the organizational objectives (d) HRP encourages the company to review and modify its human resource policies and practices and to examine the way of utilizing the human resources for better utilization.

## **JOB ANALYSIS**

Developing an organizational structure, results in jobs which have to be staffed. Job analysis is the procedure through which you determine the duties and nature of the jobs and the kinds of people (in terms of skills and experience) who should be hired for them. Some of the definitions of job analysis are:

According to Michael L. Jucius, “Job analysis refers to the process of studying the operations, duties and organizational aspects of jobs in order to derive specifications or as they called by some, job descriptions.”

According to DeCenzo and P. Robbins, “A job analysis is a systematic exploration of the activities within a job. It is a basic technical procedure, one that is used to define the duties, responsibilities, and accountabilities of a job.”

### **Information provided by Job Analysis**

Job analysis provides the following information:

- 1. Job Identification:** Its title, including its code number;
- 2. Significant Characteristics of a Job:** It location, physical setting, supervision, union jurisdiction, hazards and discomforts;
- 3. What the Typical Worker Does :** Specific operation and tasks that make up an assignment, their relative timing and importance,

their simplicity, routine or complexity, the responsibility or safety of others for property, funds, confidence and trust;

**4. Which Materials and Equipment a Worker Uses:** Metals, plastics, grains, yarns, milling machines, punch presses and micrometers;

**5. How a Job is Performed:** Nature of operation - lifting, handling, cleaning, washing, feeding, removing, drilling, driving, setting-up and many others;

**6. Required Personal Attributes:** Experience, training, apprenticeship, physical strength, coordination or dexterity, physical demands, mental capabilities, aptitudes, social skills;

**7. Job Relationship:** Experience required, opportunities for advancement, patterns of promotions, essential co-operation, direction, or leadership from and for a job.

### **Sources of Information for Job Analysis**

According to George R. Terry, “the make-up of a job, its relation to other jobs, and its requirements for competent performance are essential information needed for a job analysis”.

Information on a job may be obtained from three principal sources:

- (a) From the employees who actually perform a job;
- (b) From other employees such as supervisors and foremen who watch the workers doing a job and thereby acquire knowledge about it; and
- (c) From outside observers specially appointed to watch employees performing a job. Such outside persons are called the trade job analysts.

## Methods of Job Analysis

Four methods or approaches are utilised in analysing jobs. They are:

**1. Personal Observation:** The materials and equipment used, the working conditions and probable hazards, and an understanding of what the work involves are the facts which should be known by an analyst.

**2. Sending out of Questionnaires:** Properly drafted questionnaires are sent out to job-holders for completion and are returned to supervisors.

**3. Maintenance of Long Records:** The employee maintains a daily record of duties he performs, marking the time at which each task is started and finished.

**4. Critical Incidents:** In this method, job holders are asked to describe incidents concerning the job on the basis of their past experience. The incidents so collected are analyzed and classified according to the job areas they describe

**5. Personal Interviews:** Personal interviews may be held by the analyst with the employees, and answers to relevant questions may be recorded. But the method is time-consuming and costly.

**6. Technical Conference Method:** This method utilizes supervisors with extensive knowledge of the job. Here, specific characteristics of a job are obtained from the “experts.”

**7. Functional Job Analysis:** Functional job analysis (FJA) is employee- oriented analytical approach of job analysis. This approach attempts to describe the whole person on the job.

## **Purposes and Uses of Job Analysis**

The information provided by job analysis is useful in almost every phase of employee relations. Its purposes and uses can be understood from the following points:

**1. Organisation and Manpower Planning:** It is helpful in organisational planning for it defines labour needs in concrete terms and coordinates the activities of the work force, and clearly divides duties and responsibilities.

**2. Recruitment and Selection:** By indicating the specific requirements of each job (i.e., the skills and knowledge), it provides a realistic basis for hiring, training, placement, transfer and promotion of personnel.

**3. Wage and Salary Administration:** By indicating the qualifications required for doing specified jobs and the risks and hazards involved in its performance, it helps in salary and wage administration. Job analysis is used as a foundation for job evaluation.

**4. Job Re-engineering:** Job analysis provides information which enables us to change jobs in order to permit their being manned by personnel with specific characteristics and qualifications.

**5. Employee Training and Management Development:** Job analysis provides the necessary information to the management of training and development programmes.

**6. Performance Appraisal:** It helps in establishing clear-cut standards which may be compared with the actual contribution of each individual.

**7. Health and Safety:** It provides an opportunity for identifying hazardous conditions and unhealthy environmental factors so that

corrective measures may be taken to minimise and avoid the possibility of accidents.

## **Process of Job Analysis**

Following are the important steps in the process of job analysis:

**1. Determine the Use of the Job Analysis Information:** Start by identifying the use to which the information will be put, since this will determine the type of data you collect and the technique you use to collect them.

**2. Collection of Background Information:** According to Terry, “The make-up of a job, its relation to other jobs, and its requirements for competent performance are essential information needed for a job evaluation. This information can be had by reviewing available background information such as organization charts and the existing job descriptions.

**3. Selection of Jobs for Analysis:** Job analysis is a costly and time consuming process. Hence, it is necessary to select a representative sample of jobs for the purposes of analysis. Priorities of various jobs can also be determined.

**4. Collection of Job Analysis Data:** Job data on features of the job, required employee qualification and requirements, should be collected either from the employees who actually perform a job; or from other employees who watch the workers, or from the outside persons.

**5. Processing the Information:** Once job analysis information has been collected, the next step is to place it in a form that will make it useful to those charged with the various personnel functions.



Several issues arise with respect to this. First, how much detail is needed? Second, can the job analysis information be expressed in quantitative terms? These must be considered properly.

**6. Preparing Job Descriptions and Job Classifications:** Job information which has been collected must be processed to prepare the job description form. It is a statement showing full details of the activities of the job. Separate job description forms may be used for various activities in the job and may be compiled later on. The job analysis is made with the help of these description forms. These forms may be used as reference for the future.

**7. Developing Job Specifications:** Job specifications are also prepared on the basis of information collected. It is a statement of minimum acceptable qualities of the person to be placed on the job. It specifies the standard by which the qualities of the person are measured.

### **Job Description**

Job description is a written record of the duties, responsibilities and requirements of a particular job. It is concerned with the job itself and not with the work. It is a statement describing the job in such terms as its title, location, duties, working conditions and hazards. In other words, it tells us what is to be done and how it is to be done and why. It is a standard of function, in that it defines the appropriate and authorised contents of a job.

A job description contains the following:

**1. Job identification,** which includes the job title, alternative title, department, division, plant and code number of the job. The job title identifies and designates the job properly.

**2. Job Summary** serves two important purposes. First it provides a short definition which is useful as additional identification information when a job title is not adequate. Second, it serves as a summary to orient the reader.

**3. Job duties** give us a comprehensive listing of the duties together with some indication of the frequency of occurrence or percentage of time devoted to each major duty. It is regarded as the heart of a job.

**4. Relation to other jobs:** This helps us to locate the job in the organisation by indicating the job immediately below or above it in the job hierarchy. It also gives us an idea of the vertical relationships of work flow and procedures.

**5. Supervision:** Under it is given the number of persons to be supervised along with their job titles, and the extent of supervision involved – general, intermediate or close supervision.

**6. Working conditions** usually give us information about the environment in which a job holder must work.

## **Job Specification**

The job specification states the minimum acceptable qualifications that the incumbent must possess to perform the job successfully. Based on the information acquired through job analysis, the job specification identifies the knowledge, skills, and abilities needed to do the job effectively.

According to Dale Yoder, “The job specification, as such a summary properly described is thus a specialized job description, emphasizing personnel requirement and designed especially to facilitate selection and placement.”

A Job Specification should include:

(i) Physical characteristics, which include health, strength, endurance, age, height, weight, vision, voice, eye, hand and foot co-ordination, motor co-ordination, and colour discrimination.

(ii) Psychological and social characteristics such as emotional stability, flexibility, decision making ability, analytical view, mental ability, pleasing manners, initiative, conversational ability etc.

(iii) Mental Characteristics such as general intelligence, memory, judgement, ability to concentrate, foresight etc.

(iv) Personal Characteristics such as sex, education, family background, job experience, hobbies, extracurricular activities etc.

## **Job Design**

Job design is of comparatively recent origin. The human resource managers have realized that the poorly designed jobs often result in boredom to the employees, increased turnover, job dissatisfaction, low productivity and an increase in overall costs of the organization. All these negative consequences can be avoided with the help of proper job design. According to Jon Werner and DeSimone, “Job design is the development and alteration of the components of a job (such as the tasks one performs, and the scope of one’s responsibilities) to improve productivity and the quality of the employees’ work life.”

## **Principles of Job Design**

Principles are the bases of the approach used in job design. Robertson and Smith (1985) have suggested the following five principles of job design:

- To influence skill variety, provide opportunities for people to

do several tasks and combine tasks.

- To influence task identity, combine tasks and form natural work units.
- To influence task significance, form natural work units and inform people of the importance of their work.
- To influence autonomy, give people responsibility for determining their own working systems.
- To influence feedback; establish good relationship and open feedback channels.

## **Methods or Techniques of Job Design**

The various techniques of job design and redesign are as follows:

**1. Job Simplification:** In job simplification, the complete job is broken down into small subparts; this is done so that employee can do these jobs without much specialized training.

For job simplification, generally time and motion studies are used.

**2. Job Rotation:** Another technique designed to enhance employee motivation is job rotation, or periodically assigning employees to alternating jobs or tasks.

**3. Job Enlargement:** Another means of increasing employee's satisfaction with routine jobs is increasing the number of tasks performed (i.e. increasing the scope of the job). This is called job enlargement.

**4. Job Enrichment:** The concept of job enrichment has been derived from Herzberg's twofactor theory of motivation in which he has suggested that job content is one of the basic factors of

motivation. If the job is designed in such a manner that it becomes more interesting and challenging to the job performer and provides him opportunities for achievement, recognition, responsibility, advancement and growth, the job itself becomes a source of motivation to the individual.

**According to P. Robbins,** “Job enrichment refers to the vertical expansion of the jobs. It increases the degree to which the worker controls the planning, execution and evaluation of his work.”

### **Job Evaluation**

Job Evaluation is a system wherein a particular job of an enterprise is compared with its other jobs. In the present industrial era, there are different types of jobs which are performed in every business and industrial enterprise. Comparative study of these jobs is very essential because on the basis of such study the structure of wages for different types of jobs is prepared. The comparison of jobs may be made on the basis of different factors such as duties, responsibilities, working conditions, efforts, etc. In nut shell, it may be said that job evaluation is a process in which a particular job of a business and industrial enterprise is compared with other jobs of the enterprise.

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 the various jobs within the organisation, so that differential wages may be paid to jobs of different worth. The relative worth of a job means relative value produced.

We may define job evaluation as a process of analysing and describing positions, grouping them and determining their relative value of comparing the duties of different position in terms of their different responsibilities and other requirements.

### **Objectives of Job Evaluation**

The following are the objectives of job evaluation:

- (i) To secure and maintain complete, accurate and impersonal descriptions of each distinct job or occupation in the entire plant;
- (ii) To provide a standard procedure for determining the relative worth of each job in a plant;
- (iii) To determine the rate of pay for each job which is fair and equitable with relation to other jobs in the plant, community or industry?
- (iv) To ensure that like wages are paid to all qualified employees for like work;
- (v) To promote a fair and accurate consideration of all employees for advancement and transfer;
- (vi) To provide a factual basis for the consideration of wage rates for similar jobs in a community and industry.

### **RECRUITMENT**

Recruitment means search of the prospective employee to suit the job requirements as represented by job specification. It is the process of attracting people to apply for jobs in an organisation.

According to Edwin B. Flippo: “Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation.”

## **Factors affecting Recruitment**

The factors affecting recruitment can be classified as internal and external factors.

The internal factors are:

- Wage and salary policies;
- The age composition of existing working force;
- Promotion and retirement policies;
- Turnover rates;
- The nature of operations involved the kind of personnel required;
- The level and seasonality of operations in question;
- Future expansion and reduction programmes;
- Recruiting policy of the organisation;
- Human resource planning strategy of the company;
- Size of the organisation and the number of employees employed;
- . Cost involved in recruiting employees, and finally;
- Growth and expansion plans of the organisation.

The external factors are:

- Supply and demand of specific skills in the labour market;
- Company's image perception of the job seekers about the company.

- External cultural factors: Obviously, the culture may exert considerable check on recruitment. For example, women may not be recruited in certain jobs in industry.
- Economic factors: such as a tight or loose labour market, the reputation of the enterprise in the community as a good pay master or otherwise and such allied issues which determine the quality and quantity of manpower submitting itself for recruitment.
- Political and legal factors also exert restraints in respect of nature and hours of work for women and children, and allied employment practices in the enterprise, reservation of Job for SC, ST and so on.

## **Sources of Recruitment**

The various sources of recruitment are generally classified as internal source and external source.

(a) Internal Sources: This refers to the recruitment from within the company. The various internal sources are promotion, transfer, past employees and internal advertisements.

(b) External Sources: External sources refers to the practice of getting suitable persons from outside.

The various external sources are advertisement, employment exchange, past employees, private placement agencies and consultants, walks-ins, campus recruitment, trade unions, etc.

The following external sources of recruitment are commonly used by the big enterprises:

1. Direct Recruitment: An important source of recruitment is direct recruitment by placing a notice on the notice board of the



enterprise specifying the details of the jobs available. It is also known as recruitment at factory gate.

2. Casual Callers or Unsolicited Applications: The organisations which are regarded as good employers draw a steady stream of unsolicited applications in their offices. This serves as a valuable source of manpower.

3. Media Advertisement: Advertisement in newspapers or trade and professional journals is generally used when qualified and experienced personnel are not available from other sources.

4. Employment Agencies: Employment exchanges run by the Government are regarded as a good source of recruitment for unskilled, semi-skilled and skilled operative jobs. In some cases, compulsory notification of vacancies to the employment exchange is required by law.

5. Management Consultants: Management consultancy firms help the organisations to recruit technical, professional and managerial personnel they specialise middle level and top level executive placements.

6. Educational Institutions or Campus Recruitment: Big organisations maintain a close liaison with the universities, vocational institutes and management institutes for recruitment to various jobs. Recruitment from educational institutional is a well - established practice of thousand of business and other organisations.

7. Recommendation: Applicants introduced by friends and relatives may prove to be a good source of recruitment.

8. Labour Contractors: Workers are recruited through labour contractors who are themselves employees of the organisation.

Recruitment through labour contractors has been banned for the public sector units.

9. Telecasting: The practice of telecasting of vacant posts over T.V. is gaining importance these days. Special programmes like 'Job Watch', 'Youth Pulse', 'Employment News', etc. over the T.V have become quite popular in recruitment for various types of jobs.

10. Raiding: Raiding is a technical term used when employees working elsewhere are attracted to join organisations. The organisations are always on the lookout for qualified professionals, and are willing to offer them a better deal if they make the switch.

### **Merits of External Source of Recruitment**

The merits of external sources of recruitment are as under:

1. **Qualified Personnel:** By using external sources of recruitment the management can make qualified and trained people to apply for vacant Jobs in the organisation.
2. **Wider choice:** When vacancies are advertised widely a large number of applicants from outside the organisation apply. The management has a wider choice while selecting the people for employment.
3. **Fresh Talent:** The insiders may have limited talents. External sources facilitate infusion of fresh blood with new ideas into the enterprise. This will improve the overall working of the enterprise.
4. **Competitive Spirit:** If a company can tap external sources, the existing staff will have to compete with the outsiders. They will work harder to show better performance.

## **Demerits of External Sources**

The demerits of filling vacancies from external sources are as follows:

1. **Dissatisfaction among Existing Staff:** External recruitment may lead to dissatisfaction and frustration among existing employees. They may feel that their chances of promotion are reduced.
2. **Lengthy Process:** Recruitment from outside takes a long time. The business has to notify the vacancies and wait for applications to initiate the selection process.
3. **Costly Process:** It is very costly to recruit staff from external sources. A lot of money has to be spent on advertisement and processing of applications.
4. **Uncertain Response:** The candidates from outside may not be suitable for the enterprise.

There is no guarantee that the enterprise will be able to attract right kinds of people from external sources.

## **SELECTION**

Human resource selection is the process of preferring qualified individuals who are available to fill positions in an organization. Selection involves both picks up the fits and rejects the unfits.

Therefore, sometimes, it is called a negative process.

According to Thomas Stone, “Selection is the process of differentiating between applicants in order to identify (and hire) those with a greater likelihood of success in a job”.

## **Difference between Recruitment and Selection**

1. **Difference in Objective:** The basic objective of recruitment is to attract maximum number of candidates so that more options are available. The basic objective of selection is to choose best out of the available candidates.
2. **Difference in Process:** Recruitment adopts the process of creating application pool as large as possible and therefore. It is known as positive process. Selection adopts the process through which more and more candidates are rejected and fewer candidates are selected or sometimes even not a single candidate is selected. Therefore, it is known as negative process or rejection process.
3. **Technical Differences:** Recruitment techniques are not very intensive, and not require high skills. As against this, in selection process, highly specialised techniques are required. Therefore, in the selection process, only personnel with specific skills like expertise in using selection tests, conducting interviews, etc., are involved.
4. **Difference in Outcomes:** The outcome of recruitment is application pool which becomes input for selection process. The outcome of selection process is in the form of finalising candidates who will be offered jobs.

## **Selection Procedure**

1. **Application Pool:** Application pool built-up through recruitment process is the base for selection process. The basic objective at the recruitment level is to attract as much worthwhile applications as possible so that there are more options available at the selection stage.

**2. Preliminary Screening and Interview:** It is highly noneconomic to administer and handle all the applicants. It is advantageous to sort out unsuitable applicants before using the further selection steps. For this purpose, usually, preliminary interviews, application blank lists and short test can be used. All applications received are scrutinised by the personnel department in order to eliminate those applicants who do not fulfil required qualifications or work experience or technical skill, his application will not be entertained. Such candidate will be informed of his rejection.

**3. Application Blank or Application Form:** An application blank is a traditional widely accepted device for getting information from a prospective applicant which will enable the management to make a proper selection. Information is generally taken on the following items:

(a) Biographical Data: Name, father's name, data and place of birth, age, sex, nationality, height, weight, identification marks, physical disability, if any, marital status, and number of dependants.

(b) Educational Attainment: Education (subjects offered and grades secured), training acquired in special fields and knowledge gained from professional/technical institutes or through correspondence courses.

(c) Work Experience: Previous experience, the number of jobs held with the same or other employers, including the nature of duties, and responsibilities and the duration of various assignments, salary received, grades, and reasons for leaving the present employer.

(d) Salary and Benefits: Present and expected.

(e) Other Items: Names and addresses of previous employers, references etc. An application blank is a brief history sheet of an employee's background and can be used for future reference, in case needed.

**4. Selection Tests:** Many organisations hold different kinds of selection tests to know more about the candidates or to reject the candidates who cannot be called for interview etc. Selection tests normally supplement the information provided in the application forms. Such forms may contain factual information about candidates.

A. Aptitude Tests: These measure whether an individual has the capacity or talent ability to learn a given job if given adequate training. These are more useful for clerical and trade positions.

B. Personality Tests: At times, personality affects job performance. These determine personality traits of the candidate such as cooperativeness, emotional balance etc. These seek to assess an individual's motivation, adjustment to the stresses of everyday life, capacity for interpersonal relations and self-image.

C. Interest Tests: These determine the applicant's interests. The applicant is asked whether he likes, dislikes, or is indifferent to many examples of school subjects, occupations, amusements, peculiarities of people, and particular activities.

D. Performance Tests: In this test the applicant is asked to demonstrate his ability to do the job. For example, prospective typists are asked to type several pages with speed and accuracy.

E. Intelligence Tests: This aim at testing the mental capacity of a person with respect to reasoning, word fluency, numbers, memory, comprehension, picture arrangement, etc. It measures the ability to grasp, understand and to make judgement.

**F. Knowledge Tests:** These are devised to measure the depth of the knowledge and proficiency in certain skills already achieved by the applicants such as engineering, accounting etc.

**G. Achievement Tests:** Whereas aptitude is a capacity to learn in the future, achievement is concerned with what one has accomplished. When applicants claim to know something, an achievement test is given to measure how well they know it.

**H. Projective Tests:** In these tests the applicant projects his personality into free responses about pictures shown to him which are ambiguous.

**5. Interview:** An interview is a procedure designed to get information from a person and to assess his potential for the job he is being considered on the basis of oral responses by the applicant to oral inquiries by the interviewer. Interviewer does a formal in-depth conversation with the applicant, to evaluate his suitability. It is one of the most important tools in the selection process. This tool is used when interviewing skilled, technical, professional and even managerial employees. It involves twoway exchange of information. The interviewer learns about the applicant and the candidate learns about the employer.

**6. Background Investigation:** The next step in the selection process is to undertake an investigation of those applicants who appear to offer potential as employees. This may include contacting former employers to confirm the candidate's work record and to obtain their appraisal of his or her performance/ contacting other job-related and personal references, and verifying the educational accomplishments shown on the application.

**7. Physical Examination:** After the selection decision and before the job offer is made, the candidate is required to undergo

physical fitness test. Candidates are sent for physical examination either to the company's physician or to a medical officer approved for the purpose. Such physical examination provides the following information:

- Whether the candidate's physical measurements are in accordance with job requirements or not?
- Whether the candidate suffers from bad health which should be corrected?
- Whether the candidate has health problems or psychological attitudes likely to interfere with work efficiency or future attendance?
- Whether the candidate is physically fit for the specific job or not?

**8. Approval by Appropriate Authority:** On the basis of the above steps, suitable candidates are recommended for selection by the selection committee or personnel department. Though such a committee or personnel department may have authority to select the candidates finally, often it has staff authority to recommend the candidates for selection to the appropriate authority.

**9. Final Employment Decision:** After a candidate is finally selected, the human resource department recommends his name for employment. The management or board of the company offers

employment in the form of an appointment letter mentioning the post, the rank, the salary grade, the date by which the candidate should join and other terms and conditions of employment. Some firms make a contract of service on judicial paper. Usually an appointment is made on probation in the beginning. The probation period may range from three months to two years.



When the work and conduct of the employee is found satisfactory, he may be confirmed.

**10. Evaluation:** The selection process, if properly performed, will ensure availability of competent and committed personnel. A period audit, conducted by people who work independently of the human resource department, will evaluate the effectiveness of the selection process. The auditors will do a thorough and the intensive analysis and evaluate the employment programme.

## **ORIENTATION (INDUCTION)**

The introduction of the new employee to the job is known as induction. It is the process by which new employees are introduced to the practices, policies and purposes of the organisation. Induction follows placement and consists of the task of orienting or introducing the new employee to the company, its policy and its position in the economy. Induction literally means helping the worker to get or with his own environment. After an employee is assigned his job, it is necessary to introduce him to his job situation, his associates in the job and the overall policies of the company.

In other words, it is a welcoming process-the idea is to welcome a newcomer, make him feel at home and generate in him a feeling that his job, even though small, is meaningful and has significant importance as part of the total organisation.

In the words of John M. Ivancevich, “Orientation orients, directs, and guides employees to understand the work, firm, colleagues, and mission. It introduces new employees to the organisation, and to his new tasks, managers, and work groups.”

Orientation is one component of the new employee socialization process. It is a process through which a new employee is

introduced to the organisation. The new employee is handed over a rulebook, company booklets, policy manuals, progress reports and documents containing company information which are informational in nature. It is responsibility of the human resource department to execute the orientation programme.

### **Objectives of Induction**

An induction process properly designed should serve the following objectives:

- 1) Introduce the new employee and the organisation to each other.
- 2) Create interest in his job and the company
- 3) Provide basic information about working arrangements
- 4) Make the new employee feel 'at home' in the new environment
- 5) Indicate the standards of performance and behaviour expected from him
- 6) Inform him about the training facilities
- 7) Reduce any misunderstanding about the job or the enterprise
- 8) Facilitate good employee relations
- 9) Assist the new employee to adjust to the company; and
- 10) Establish a favourable attitude about the company in the minds of the employee.

### **PLACEMENT**

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

According to Pigors and Myers, “Placement consists in matching what the supervisor has reason to think the new employee can do with what the job demands (job requirements), imposes (in strain, working conditions, etc.), and offers (in the form of pay rate, interest, companionship with other, promotional possibilities, etc.)” They further state that it is not easy to match all these factors for a new worker who is still in many ways an unknown quantity. For this reason, the first placement usually carries with it the status of probationer.

A few basic principles should be followed at the time of placement of an employee on the job.

These may be enumerated as below:

- The job should be offered to the man according to his qualifications. The placement should neither be higher nor lower than the qualifications.
- While introducing the job to the new employee, an effort should be made to develop a sense of loyalty and cooperation in him so that he may realise his responsibilities better towards the job and the organisation.
- The employee should be made conversant with the working conditions prevailing in the industry and all things relating to the job. He should also be made aware of the penalties if he commits a wrong.
- Man should be placed on the job according to the requirements of the job. The job should not be adjusted according to the qualifications or requirements of the man. Job first; man next, should be the principle of placement.
- The placement should be ready before the joining date of the newly selected person.
- 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.

### **Significance of placement**

The significances of placement are as follows: -

1. It improves employee morale.
2. It helps in reducing employee turnover.
3. It helps in reducing absenteeism.
4. It helps in reducing accident rates.
5. It avoids misfit between the candidate and the job.
6. It helps the candidate to work as per the predetermined objectives of the organization.

## **MODULE III**

### **TRAINING AND DEVELOPMENT**

Training is an organised activity for increasing the knowledge and skills of people for a definite purpose. It involves systematic procedures for transferring technical know-how to the employees so as to increase their knowledge and skills for doing specific jobs with proficiency. In other words, the trainees acquire technical knowledge, skills and problem solving ability by undergoing the training programme. According to Edwin B. Flippo, “Training is the act of increasing the knowledge and skills of an employee for doing a particular job”.

#### **Objectives of Training**

- (i) To impart to new entrants the basic knowledge and skill they need for an intelligent performance of definite tasks;
- (ii) To assist employees to function more effectively in their present positions by exposing them to the latest concepts, information and techniques and developing the skills, they will need in their particular fields;
- (iii) To build up a second line of competent officers and prepare them to occupy more responsible positions;
- (iv) To broaden the minds of senior managers by providing them with opportunities for an interchange of experiences within and outside with a view to correcting the narrowness of the outlook that may arise from over-specialisation;

(v) To impart customer education for the purpose of meeting the training needs of Corporations which deal mainly with the public. In a nutshell, the objectives of training are to Bridge the gap between existing performance ability and desired performance.

## **Need and Importance of Training**

**1. Increasing Productivity:** Instruction can help employees increase their level of performance on their present job assignment. Increased human performance often directly leads to increased operational productivity and increased company profit.

**2. Improving Quality:** Better informed workers are less likely to make operational mistakes.

Quality increases may be in relationship to a company product or service, or in reference to the intangible organisational employment atmosphere.

**3. Helping a Company Fulfil its Future Personnel Needs:** Organisations that have a good internal educational programme will have to make less drastic manpower changes and adjustments in the event of sudden personnel alternations. When the need arises, organisational vacancies can more easily be staffed from internal sources if a company initiates and maintains an adequate instructional programme for both its non-supervisory and managerial employees.

**4. Improving Organisational Climate:** An endless chain of positive reactions results from a well-planned training programme. Production and product quality may improve; financial incentives may then be increased, internal promotions become stressed, less supervisory pressures ensue and base pay rate increases result.

**5. Improving Health and Safety:** Proper training can help prevent industrial accidents. A safer work environment leads, to more stable mental attitudes on the part of employees.

**6. Obsolescence Prevention:** Training and development programmes foster the initiative and creativity of employees and help to prevent manpower obsolescence, which may be due to age, temperament or motivation, or the inability of a person to adapt himself to technological changes.

**7. Personal Growth:** Employees on a personal basis gain individually from their exposure to educational experiences. Again, Management development programmes seem to give participants a wider awareness, an enlarged skin, an enlightened altruistic philosophy, and make enhanced personal growth possible.

### **Distinction between Training and Development**

<b>Training</b>	<b>Development</b>
Training means learning skills and knowledge for doing a particular job. It increases job skills.	Development means the growth of an employee in all respects. It shapes attitudes.
The term ‘training’ is generally used to denote imparting specific skills among operative workers and employees.	The term ‘development’ is associated with the overall growth of the executives.
Training is concerned with maintaining and improving current job performance.	Executive development seeks to develop competence and skills for future performance.

Thus, it has a short-term perspective.	Thus, it has a long-term perspective.
Training is job-centred in nature.	Development is career-centred in nature.
The role of trainer or supervisor is very important in training.	All development is 'self development'. The executive has to be internally motivated for self-development

## Methods of training

The following methods are generally used to provide training :

### On-the-Job Training Methods:

This type of training is imparted on the job and at the work place where the employee is expected to perform his duties.

**1. On Specific Job:** On the job training methods is used to provide training for a specific job such as electrical, motor mechanic, plumbing etc.

**(a) Experience :** This is the oldest method of on-the-job training. Learning by experience cannot and should not be eliminated as a method of development, though as a sole approach; it is a wasteful, time consuming and inefficient.

**b) Coaching:** On-the-Job coaching by the superior is an important and potentially effective approach is superior. The technique involves direct personnel instruction and guidance, usually with extensive demonstration.

**2. Job Rotation:** The major objective of job rotation training is the broadening of the background of trainee in the organisation.



If trainee is rotated periodically from one job to another job, he acquires a general background.

**3. Special Projects:** This is a very flexible training device. The trainee may be asked to perform special assignment; thereby he learns the work procedure.

**4. Apprenticeship:** Under this method, the trainee is placed under a qualified supervisor or instructor for a long period of time depending upon the job and skill required. Wages paid to the trainee are much less than those paid to qualified workers.

**5. Vestibule Training:** Under this method, actual work conditions are created in a class room or a workshop. The machines, materials and tools under this method is same as those used in actual performance in the factory.

**6. Multiple Management:** Multiple management emphasizes the use of committees to increase the flow of ideas from less experience managers and to train them for positions of greater responsibility.

**7. Understudy:** In this method, a superior gives training to a subordinate as his understudy like an assistant to a manager or director (in a film). The subordinate learns through experience and observation by participating in handling day to day problems. Basic purpose is to prepare subordinate for assuming the full responsibilities and duties.

### **Off-the-job Training Methods:**

Following are the off the job training techniques:

**1. Special Courses and Lectures:** Lecturing is the most traditional form of formal training method Special courses and

lectures can be established by business organizations in numerous ways as a part of their development programmes.

**2. Conferences:** This is also an old method, but still a favorite training method. In order to escape the limitations of straight lecturing many organizations have adopted guided, discussion type of conferences in their training programmes. In this method, the participant's pools, their ideas and experience in attempting to arrive at improved methods of dealing with the problems, which are common subject of discussion;

**3. Case Studies:** This technique, which has been developed, popularized by the Harvard Business School, U.S.A is one of the most common forms of training. A case is a written account of a trained reporter of analyst seeking to describe an actual situation.

**4. Brainstorming :** This is the method of stimulating trainees to creative thinking This approach developed by Alex Osborn seeks to reduce inhibiting forces by providing for a maximum of group participation and a minimum of criticism. A problem is posed and ideas are invited.

Quantity rather quality is the primary objective. Ideas are encouraged and criticism of any idea is discouraged. Chain reactions from idea to idea often develop. Later these ideas are critically examined. There is no trainer in brainstorming and it has been found that the introduction of known reports into it will reduce the originality and practicability of the group contribution.

**5. Laboratory Training:** Laboratory training adds to conventional training by providing situations in which the trains themselves experience through their own interaction some of the conditions they are talking about. In this way, they more or less experiment on themselves. Laboratory training is more concerned about changing individual behaviour and attitude. There are two

methods of laboratory training: simulation and sensitivity training.

**(a) Simulation:** An increasing popular technique of management development is simulation of performance. In this method, instead of taking participants into the field, the field can be simulated in the training session itself. Simulation is the presentation of real situation of organisation in the training session. There are two common simulation methods of training. They are role-playing and business game.

**(i) Role-playing:** Role-playing is a laboratory method, which can be used rather easily as a supplement of conventional training methods. Its purpose is to increase the trainee's skill in dealing with other people. One of its greatest uses, in connection with human relations training, but it is also used in sales training as well. It is spontaneous acting of a realistic situation involving two or more persons, under classroom situations. Dialogue spontaneously grows out of the situation, as the trainees assigned to it develop it.

**(ii) Gaming:** Gaming has been devised to simulate the problems of running a company or even a particular department. It has been used for a variety of training objectives from investment strategy, collective bargaining techniques to the morale of clerical personnel. It has been used at all the levels, from the executives for the production supervisors. Gaming is a laboratory method in which role-playing exists but its difference is that it focuses attention on administrative problems, while role-playing tend to emphasis mostly feeling and tone between people in interaction.

**(iii) In-basket training:**

In-basket exercise, also known as in-tray training, consists of a set of business papers which may include e-mail SMSs, reports,

memos, and other items. Now the trainer is asked to priorities the decisions to be made immediately and the ones that can be delayed.

**(b) Sensitivity Training:** Sensitivity training is the most controversial laboratory training method. Many of its advocates have an almost religious zeal in their enhancement with the training group experience. Some of its critics match this favour in their attacks on the technique.

As a result of criticism and experience, a revised approach, often described as “team development” training has appeared.

### **Induction Training**

The introduction of the new employee to the job is known as induction. It is the process by which new employees are introduced to the practices, policies and purposes of the organisation.

Induction follows placement and consists of the task of orienting or introducing the new employee to the company, its policy and its position in the economy. Induction literally means helping the worker to get or with his own environment. After an employee is assigned his job, it is necessary to introduce him to his job situation, his associates in the job and the overall policies of the company.

An induction process properly designed should serve the following purposes:

(a) to help the newcomer to overcome his natural shyness, any nervousness he may experience in meeting new people in the new environment;

- (b) to integrate the new employee into the organisation and develop a sense of belonging which is a strong motivational force;
- (c) to supply information about the nature for workforce, conditions of service and welfare facilities.

### **Management Development Programs**

Management development is a part of a large process of development and learning which a significant area of human development is. In human society there is a continuous growth which takes place through a continuous process of exploration, discovery and acquisition of knowledge. Management development consists of all the means by which management learn to improve their behaviour and performance.

Those in the field of organizational behaviour tend to be over conscious of the needs for management development without – paying significant attention to ensure that the entire segment of industrial and business activity is viewed as a development process and is attuned to the overall objectives of the society.

“Executive or management development is a planned process of learning and growth designed to bring behavioural change among the executives.”

It is continuous process of learning. It implies that there will be a change in knowledge and behavior of the individuals undergoing development programme. The employee will be able to perform his present job better and will increase his potential for future work.

### **Purpose of Management Development:**

The purpose or objective of management development programmes are discussed below:

1. To sustain better performance of managers throughout their careers.
2. To improve the existing performance of managers at all levels.
3. To encourage existing managers to increase their capacity to assume and handle greater responsibility.
4. To enable the organisation to have the availability of required number of managers with the required skills to meet the present and anticipated (future) needs of the organisation.
5. To replace elderly executives who have risen from the ranks by highly competent and academically qualified professionals.
6. To provide opportunities to the executives to fulfil their career aspirations.
7. To ensure that the managerial resources of the organisation are utilised optimally.

### **Management Development Techniques**

There are mainly two types of techniques by which managers can acquire the knowledge, skills and attitudes and make themselves competent managers. One is through formal training and the other is through on-the-job experiences.

**On-the-job technique** is of utmost importance as the real learning takes place only when the learner uses what he has learnt. The saying “An ounce of practice is worth tons of theory” is true whoever said it. But it should also be remembered that class-room training or pedagogical techniques have also got their own importance in gaining new knowledge, and learning new techniques, and broader concepts.

The following are some of the important on-the-job and off-the-job techniques of management development.

1. Coaching,
2. Job Rotation,
3. Under Study,
4. Multiple Management.

### **Off-The-Job Techniques:**

Because of the fact that on-the-job techniques have their own limitations, these off-the-job techniques are considered important to fill those gaps.

The following are some of the important off-the-job techniques:

1. The case study
2. Incident method
3. Role playing
4. In basket method
5. Business game
6. Sensitivity training
7. Simulation
8. Grid training
9. Conferences
10. Lectures
11. Behaviour modelling
12. Transactional Analysis

13. Structured Insight
14. Special Courses
15. Special Meetings
16. Special Readings, and
17. Specific Projects.

### **Training Process Outsourcing (TPO)**

Training Business Process Outsourcing, also referred to as Training BPO or Learning BPO, is a business strategy, and a component of the broader outsourcing industry, where a company utilizes an external supplier for the management of training processes and/or activities. Training BPO differs from training outsourcing in that it is more broad in terms of the number of processes managed on a customer's behalf, as well as the length and complexity of the engagement. Training BPO includes comprehensive outsourcing and selective outsourcing business models.

### **Benefits of TPO**

Training process outsourcing has been growing in popularity due to its ability to help meet the fluctuating L&D needs of modern organizations. Process outsourcing provides several valuable benefits, including the following.

- Reducing costs
- Enhancing internal bandwidth
- Improved scalability
- High-quality learning experiences



## **MODULE IV**

# **PERFORMANCE APPRAISAL AND COMPENSATION**

The basic purpose of performance appraisal is to facilitate orderly determination of an employee's worth to the organization of which he is a part. However, fair determination of the worth of an employee can take place only by appraising numerous factors. Performance appraisal also known as merit rating/ merit evaluation/performance evaluation. Performance appraisal means a systematic evaluation of personality and performance of each employee by his supervisor or some other person trained in the techniques of merit rating. It employs various rating techniques for comparing individual employees in a group, in terms of personal qualities or deficiencies and the requirement of their respective jobs.

### **Definition:**

“performance appraisal includes all formal procedure used to evaluate personalities and contributions and potentials of group members in a working organization.”..Dale yoder.

“Performance appraisal is a process of evaluating an employee's performance of a job in terms of its requirements.”...Scot, clothier and Spiegel.

### **Features/ characteristics of Performance appraisal**

1. It is a continuous process.

2. It is a systematic examination of an employees' strength and weakness in terms of job.
3. It is a scientific study.
4. It is arranged periodically according to a definite plan.
5. It helps in securing information necessary for making objective and correct decision on employees.
6. It is an impartial rating of an employee excellence.

**Objectives of the performance appraisal:**

1. To improve the job performance of employees and also to identify there development potentialities.
2. To diagnose the strength or weakness of individuals so as to access the area in which training is required.
3. To prevent grievance and un disciplinary activities of the personnel.
4. To evaluate the success of training programmes
5. To motivate the employee to perform well.
6. To provide coaching, counseling and career planning to employees.
7. To test the effectiveness of recruitment, selection, placement and rotation process.
8. To facilitate research in personnel management.
9. To establish harmonious relationship between employer and employees.

10. To provide valid information for deciding promotion, transfer, placement, punishment, etc.

### **Process of performance appraisal:**

1. Determining objectives: The first step in the process is determination of objectives of performance appraisal. Based on the objectives the remaining stages of process are initiated.

2. Establishing Performance standard or criteria: The standards are set up for appraising the performance of employees. Job performance standards are the work requirements that are expected from an employee on a particular job. These are the criteria against which to judge results or performance. These standards may be of physical nature. If work performance cannot be measured in quantitative terms for instance, in case of a personal quality then it should be mentioned in the appraisal form.

The person who are required to do appraisal, number of times, criteria, etc must be decided in advance.

3. Communicating standards: After determining the standard, it should be communicated to the employees. They must be aware of what is expected out of them. It should also communicate to evaluators. If there is any objection, it may be recorded. The standard can be modified in the feedback information obtained from evaluators and employees.

4. Measuring performance: In this stage actual performance of employees are measured. With the help of personal observation, written report, face to face interview, etc information regarding performance are gathered.

5. Comparison: Actual performance and standards are compared in order to find out the deviations.

6. Discussion: the results of the appraisal are then communicated to the employees. The deviations and reasons for deviations are analyzed and discussed with the employees. The discussion will enable the employees to know the strength and weakness of his own.

7. Corrective action: By way of conducting discussion with the employees, the steps required for improving performance can be assessed and corrective action can be taken. Coaching, training, counseling, etc. can be conducted to improve the performance of employees.

### **Methods of Performance appraisal:**

#### **1. Traditional method**

- Ranking method
- Paired comparison method
- Grading system
- Graphic scale
- Check list
- Forced distribution
- Critical methods
- field review
- Confidential report
- Free essay method
- Group appraisal

- Comparative evaluation

## 2. Modern method

- Assessment centre
- Human resource accounting
- Behaviourally anchored rating scales
- Appraisal by MBO
- Psychological appraisal

### **Essential requirements of performance appraisal:**

1. A good atmosphere should exist in the organization to create confidence and mutual trust among employees.
2. The objectives of the performance appraisal must be definite and clear.
3. Well defined performance standards should be developed. Procedures and techniques adopted in appraisal is also standardized.
4. Proper training should be imparted to appraisers.
5. The appraiser should focus on job related behavior and performance of employees.
6. Proper documentation of appraisal should be done.
7. There should be feedback regarding the performance and participation in fixation of standards.
8. The size, number of employees and organization set up must be considered while designing the appraisal system.

9. There must be post appraisal review.

10. A review committee should be constituted for reviewing and appeal against appraisal results.

### **Limitation of Performance appraisal**

1. There is a possibility of inconsistent ratings.

2. An evaluator may appraise an employee based on the general impression i.e., Halo effect.

3. There is a possibility of personal bias

4. In order to avoid the possibility of giving a high or low rate, the evaluators may opt for average rating

5. Different standards are followed by different supervisors for evaluation.

6. There is a lack of training in appraisal techniques which reduce reliability.

7. Due to lack of knowledge and skills, the raters may fail to evaluate performance accurately.

8. There is a resistance from trade unions.

9. There is a possibility of similarity errors.

10. The evaluators have varied range of rating.

### **Problems of performance appraisal**

Since performance appraisal is conducted by human beings, it is subjected to a number of errors, biases, weaknesses and pitfalls.

## **Some of these are discussed below.**

### **1. The halo effect:**

The halo effect is introduced when an overall impression of an individual is judged on the basis of a single trait. A high rating on one trait leads automatically to high rating on all other trait. Also, a very high rating may be given to protect an employee for whom there may be personal sympathy.

### **2. Constant error:**

This error is a reflection on the trait of the rater. Some raters are, by nature, too liberal, others too strict and some tend towards rating most people in the middle.

### **3. Recency of events:**

There is a tendency of many evaluators to give much more weight to the recent behaviour of the candidate than the past behaviour. This is based on the reflection that the future trend is established by the mere recent behaviour.

### **4. The central tendency:**

It is the most commonly found error. It is the tendency of most raters to give average ratings to all or the center of the scale. This may be due to the fact that a very high rating or a very low rating could invite questions, criticisms or explanations.

Accordingly, an average rating is safer. It could also be due to the fact that the rater lacks sufficient knowledge about the applicant and hence, does not want to commit himself one way or another.

## **5. Errors of variable standards:**

It is quite possible that organisations follow different standards of performance. Some divisional heads may require much higher quality of performance than others.

## **6. Other miscellaneous biases:**

There may be some built - in biases in the minds of the rater, based upon his own perception of things, people and performances. A person may be rated higher because he is a 'nice' person or because of his seniority.

## **METHODS OF PERFORMANCE APPRAISAL**

**1. Rating Scales:** Rating scales consists of several numerical scales representing job related performance criterions such as dependability, initiative, output, attendance, attitude etc. Each scales ranges from excellent to poor. The total numerical scores are computed and final conclusions are derived. Advantages – Adaptability, easy to use, low cost, every type of job can be evaluated, large number of employees covered, no formal training required. Disadvantages – Rater's biases

**2. Checklist:** Under this method, checklist of statements of traits of employee in the form of Yes or No based questions is prepared. Here the rater only does the reporting or checking and HR department does the actual evaluation. Advantages – economy, ease of administration, limited training required, standardization. Disadvantages – Raters biases, use of improper weighs by HR, does not allow rater to give relative ratings

**3. Forced Choice Method:** The series of statements arranged in the blocks of two or more are given and the rater indicates which statement is true or false. The rater is forced to make a choice. HR department does actual assessment. Advantages – Absence of



personal biases because of forced choice. Disadvantages – Statements may be wrongly framed.

**4. Forced Distribution Method:** here employees are clustered around a high point on a rating scale. Rater is compelled to distribute the employees on all points on the scale. It is assumed that the performance is conformed to normal distribution.

**5. Critical Incidents Method:** The approach is focused on certain critical behaviors of employee that makes all the difference in the performance. Supervisors as and when they occur record such incidents.

Advantages – Evaluations are based on actual job behaviors, ratings are supported by descriptions, feedback is easy, reduces recency biases, chances of subordinate improvement are high.

Disadvantages – Negative incidents can be prioritized, forgetting incidents, overly close supervision; feedback may be too much and may appear to be punishment.

**6. Behaviorally Anchored Rating Scales:** statements of effective and ineffective behaviors determine the points. They are said to be behaviorally anchored. The rater is supposed to say, which behavior describes the employee performance.

Advantages – helps overcome rating errors.

Disadvantages – Suffers from distortions inherent in most rating techniques.

**7. Field Review Method:** This is an appraisal done by someone outside employees' own department usually from corporate or HR department.

Advantages – Useful for managerial level promotions, when comparable information is needed,

Disadvantages – Outsider is generally not familiar with employees work environment, Observation of actual behaviors not possible.

**8. Performance Tests & Observations:** This is based on the test of knowledge or skills. The tests may be written or an actual presentation of skills. Tests must be reliable and validated to be useful.

Advantage – Tests may be apt to measure potential more than actual performance.

Disadvantages – Tests may suffer if costs of test development or administration are high.

**9. Confidential Records:** Mostly used by government departments, however its application in industry is not ruled out. Here the report is given in the form of Annual Confidentiality Report (ACR) and may record ratings with respect to following items; attendance, self expression, team work, leadership, initiative, technical ability, reasoning ability, originality and resourcefulness etc. The system is highly secretive and confidential. Feedback to the assessee is given only in case of an adverse entry. Disadvantage is that it is highly subjective and ratings can be manipulated because the evaluations are linked to HR actions like promotions etc.

**10. Essay Method:** In this method the rater writes down the employee description in detail within a number of broad categories like, overall impression of performance, promoteability of employee, existing capabilities and qualifications of performing jobs, strengths and weaknesses and

training needs of the employee. Advantage – It is extremely useful in filling information gaps about the employees that often occur in a better-structured checklist. Disadvantages – It is highly dependent upon the writing skills of rater and most of them are not good writers. They may get confused success depends on the memory power of raters.

**11. Cost Accounting Method:** Here performance is evaluated from the monetary returns yields to his or her organization. Cost to keep employee, and benefit the organization derives is ascertained.

Hence it is more dependent upon cost and benefit analysis.

**12. Comparative Evaluation Method (Ranking & Paired Comparisons):** These are collection of different methods that compare performance with that of other co-workers. The usual techniques used may be ranking methods and paired comparison method.

- **Ranking Methods:** Superior ranks his worker based on merit, from best to worst. However how best and why best are not elaborated in this method. It is easy to administer and explanation.
- **Paired Comparison Methods:** In this method each employee is rated with another employee in the form of pairs. The number of comparisons may be calculated with the help of a formula as under.

$$N \times (N-1) / 2$$

## Modern Methods

**1. Management By Objectives:** It means management by objectives and the performance is rated against the achievement

of objectives stated by the management. MBO process goes as under.

- Establish goals and desired outcomes for each subordinate
- Setting performance standards
- Comparison of actual goals with goals attained by the employee
- Establish new goals and new strategies for goals not achieved in previous year.

Advantage – It is more useful for managerial positions.

Disadvantages – Not applicable to all jobs, allocation of merit pay may result in setting short-term goals rather than important and long-term goals etc.

**2. Psychological Appraisals:** These appraisals are more directed to assess employees potential for future performance rather than the past one. It is done in the form of in-depth interviews, psychological tests, and discussion with supervisors and review of other evaluations. It is more focused on employees emotional, intellectual, and motivational and other personal characteristics affecting his performance. This approach is slow and costly and may be useful for bright young members who may have considerable potential. However quality of these appraisals largely depend upon the skills of psychologists who perform the evaluation.

**3. Assessment Centers:** This technique was first developed in USA and UK in 1943. An assessment center is a central location where managers may come together to have their participation in job related exercises evaluated by trained observers. It is more focused on observation of behaviors across a series of select

exercises or work samples. Assesseees are requested to participate in in-basket exercises, work groups, computer simulations, role playing and other similar activities which require same attributes for successful performance in actual job. The characteristics assessed in assessment center can be assertiveness, persuasive ability, communicating ability, planning and organizational ability, self confidence, resistance to stress, energy level, decision making, sensitivity to feelings, administrative ability, creativity and mental alertness etc. Disadvantages – Costs of employees traveling and lodging, psychologists, ratings strongly influenced by assessee's inter-personal skills. Solid performers may feel suffocated in simulated situations. Those who are not selected for this also may get affected.

**Advantages** – well-conducted assessment center can achieve better forecasts of future performance and progress than other methods of appraisals. Also reliability, content validity and predictive ability are said to be high in assessment centers. The tests also make sure that the wrong people are not hired or promoted. Finally it clearly defines the criteria for selection and promotion.

**4. 360-Degree Feedback:** It is a technique which is systematic collection of performance data on an individual group, derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self. In fact anyone who has useful information on how an employee does a job may be one of the appraisers. This technique is highly useful in terms of broader perspective, greater self-development and multi-source feedback is useful. 360-degree appraisals are useful to measure inter-personal skills, customer satisfaction and team building skills. However on

the negative side, receiving feedback from multiple sources can be intimidating, threatening etc. Multiple raters may be less adept at providing balanced and objective feedback.

## **COMPENSATION**

Compensation of employees for their services is an 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 the firm are not competitive as compared to other firms, the efficient workers may leave the firm. Therefore, the 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 conditioning ,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.

### **Concept of Compensation**

Compensation refers to a wide range of financial and non-financial rewards to employees for their services rendered to the organization. It is paid in the form of wages,salaries and employee benefits such as paid vacations, insurance,maternity leave,free travel facility, retirement benefits, etc.

### **Types of compensation:**

#### **1. Base compensation:**

Base compensation involves monetary benefits in the form of wages and salaries. The term ‘wage’ is used to denote remuneration to workers and the term ‘salary’ is usually defined to mean compensation to office employees, foremen, managers and professional and technical staff.

## **2. Supplementary compensation:**

Supplementary compensation involves ‘fringe benefits’ offered through several employee services and benefits such as housing, subsidized food, medical aid, crèche, etc. It is also known as non-wage payments/service programmes/employee benefits. It helps to retain the employees on a long term basis.

## **Wage and salary administration:**

Wages and salaries represent a substantial part of total costs in most of the organization. Wage and salary administration is essentially the systematic approach to the problem of ensuring that employees are paid in a logical, equitable and fair manner.

The most important objective of any pay system is fairness and equity. The term equity has three dimensions:

**1. Internal equity:** This refers to the pay corresponding to difficulty level of the job assigned to an employee. More difficult jobs should be paid more.

**2. External equity:** External equity ensures that an employee is compensated equally in comparison to similar jobs in the labor market.

**3. Individual equity:** Individual equity highlights equal pay for equal jobs, i.e. each individual pay is fair in comparison to others doing the same/similar job.

## **Other objectives:**

1. To acquire qualified competent personnel
2. To retain the present employees
3. To ensure desired behavior from employees.

4. To reduce labour cost
5. To simplify collective bargaining procedures and negotiations.
6. To promote organizational feasibility
7. To comply with wage legislations.
8. It helps in motivating employees for better performance.

**Factors affecting wages/compensation:**

**1. Demand and supply of labour:** wage is a compensation or price for the services rendered by a worker. Wages are based on the demand and supply of labour force available in the market. If there is huge supply of the labour, the wages will increase, on the other hand, if there is a scarcity of labour force, wage will increase.

**2. 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 on the financial position and profitability of the firm.

**3. Cost of living:** another important factor affecting the wage is cost of living of wages. This tends to vary money wage depending upon the variation in the cost of living index following rise or fall in the general price level and consumer index.

**4. Productivity of workers:** to achieve the best result from the worker and to motivate him to increase his efficiency, wages have to be productivity based. Productivity is the key factor in the operations of a company.

**5. Labour unions:** organized labour able ensures better wages than the unorganized one. Higher wages may have to be paid by the firm to its workers under the pressure of trade unions. If trade



union fail in their attempt to raise the wages and other allowance through collective bargaining they might resort too strike, this exerts influence on employer to concede at leastpartial demands of labour union.

**6. Government:** several laws have been enacted by the government to protect the working class. Laws on minimum wages, hours of work, equal pay for equal work, payment of dearness allowance, bonus, etc. have been enacted to bring about measure of fairness in compensating the working class. Thus, the laws enacted and labour policies framed by the government have an important influence on wages and salaries paid by the employers.

**7. Prevailing wage rates:** wages in a firm are influenced by the general wage level or the wages paid by the similar occupations in the industry, region and economy as a whole. External alignment of wages is essential because if wages paid by the firm are lower than those paid by the other firms, the firm will not be able to attract and retain efficient employees.

**8. Other factors:**

- Worker's capacity.
- Educational qualification.
- Work experience.
- Hazards in work.
- Promotion possibilities.
- Stability of employment.
- Demand for special skills.

- Profits earned by the organization.

### **Elements of compensation:**

Workers are compensated in the form of following benefits:

- Monthly wage and salary or total pay including wage, house rent allowance, dearness allowance and city compensatory allowance.
- Bonus at the end of the year
- Economic benefits such as paid holidays leave travel concessions.
- Contribution towards insurance premium
- Contribution towards retirement benefits such as employee provident fund
- Transport and medical facilities

### **Dearness Allowance**

The Dearness Allowance (DA) is a cost of living adjustment allowance paid to Government employees, Public sector employees (PSU) and pensioners in Pakistan, Bangladesh and India. Dearness Allowance is calculated as a percentage of an Indian citizen's basic salary to mitigate the impact of inflation on people. Indian citizens may receive a basic salary or pension that is then supplemented by housing or a dearness allowance, or both. The guidelines that govern the DA vary according to where one lives (for example, whether rural or urban).

## **Bonus:**

A bonus is an additional compensation given to an employee above his/her normal wage. A bonus can be used as a reward for achieving specific goals set by the company, or for dedication to the company.

## **Fringe benefits**

Supplementary compensation involves ‘fringe benefits’ offered through several employee services and benefits such as housing, subsidized food, medical aid, crèche, etc. It is also known as non-wage payments/service programmes/employee benefits. It helps to retain the employees on a long term basis.

## **Principles of Wages and Salary Administration**

Since the issue of wage and salary determination has always enjoying the major consideration for any organization, it should be developed and maintained based on sound principles, some of them are narrated below, attempt should be made to incorporate them as far as possible while designing the compensation system.

- 1) There should be a definite plan and system to ensure that differences in pay for jobs are based upon variations in job requirements, means maintaining equity in the distribution of wages and salaries in the organization.
- 2) Maintaining competitiveness in the wage market means the general level of wage and salary should be reasonably in line with that prevailing in the market.
- 3) Matching employees’ expectations and it should avoid unjustified discrimination by providing equal pay for equal work.

- 4) Reinforcing positive employee behavior and contribution to the organization, differences in the compensation package should be based on contribution, productivity, job performance, achievement etc.
- 5) Devising a system that is the most efficient for the organization, as far as possible it must eliminate any discrepancies or exploitation of the employees.
- 6) The compensation system should formulate and define rules and regulations for determining, changing, adjusting wages in the organization.
- 7) The compensation package must ensure fairness, should maintain harmonious relationship between the employee and employer.
- 8) Compensation system should be flexible enough so that future changes can be incorporated.
- 9) The wage and salary administration should take care of and comply all the rules and regulations laid down by the legislator for protecting the employees' interest.
- 10) Optimization of management and employee interests.

## MODULE V

### OVERVIEW OF HRM TRENDS AND CHALLENGES

#### **Future Challenges before the HR Managers**

Because of continuous changing socio-economic, technological and political conditions, the human resource managers of the future shall have to face more problems in the management of labour. The human resource managers of today may find themselves obsolete in the future due to changes in environment if they do not update themselves some of the important challenges which might be faced by the managers in the management of people in business and industry are discussed below:

**1. Increasing Size of Workforce:** The size of organisations is increasing. A large number of multinational organisations have grown over the years. The number of people working in the organisation has also increased. The management of increased workforce might create new problems and challenges as the workers are becoming more conscious of their rights.

**2. Increase in Education Level:** The governments of various countries are taking steps to eradicate illiteracy and increase the education level of their citizens. Educated consumers and workers will create very tough task for the future managers.

**3. Technological Advances:** With the changes coming in the wake of advanced technology, new jobs are created and many old jobs become redundant. There is a general apprehension of immediate unemployment. In the competitive world of today, industry cannot hope to survive for long with old technology. The

problem, of unemployment resulting from modernisation will be solved by properly assessing manpower needs and training of redundant employees in alternate skills.

**4. Changes in Political Environment:** There may be greater Government's interference in business to safeguard the interests of workers, consumers and the public at large. Government's participation in trade, commerce and industry will also pose many challenges before management. The Government may restrict the scope of private sector in certain areas in public interest. It does not mean chances of co-operation between the Government and private sector are ruled out. In fact, there will be more and more joint sector enterprises.

**5. Increasing Aspirations of Employees:** Considerable changes have been noted in the worker of today in comparison to his counterpart of 1950s. The workers are becoming more aware of their higher level needs and this awareness would intensify further in the future workers.

**6. Changing Psychosocial System:** In future, organisations will be required to make use of advanced technology in accomplishing their goals while satisfying human needs. In the traditional bureaucratic model, the organisations were designed to achieve technical functions with a little consideration given to the psychosocial system. But future management would be required to ensure effective participation of lower levels in the management of the organisation system.

**7. Computerised Information System:** In the past, the automation of manufacturing processes had a major effect upon the systems of production, storage, handling and packaging, etc.

More recently, there has been and in the future there will be the impact of revolutionary computerised information system on

management. This revolutionary development would cover two primary areas of personnel management which are as follows : (a) The use of electronic computers for the collection and processing of data, and (b) The direct application of computers in the managerial decision making process.

**8. Mobility of Professional Personnel:** Organisations will expand the use of “boundary agents” whose primary function will be achieving coordination with the environment. One interesting fact will be an increase in the mobility of various managerial and professional personnel between organisations. As individuals develop greater technical and professional expertise, their services will be in greater demand by other organisations in the environment.

**9. Changes in Legal Environment:** Many changes are taking place in the legal framework within which the industrial relations systems in the country are now functioning. It is the duty of the human resource or personnel executive to be aware of these changes and to bring about necessary adjustments within the organisations so that greater utilisation of human resources can be achieved. This, indeed, is and would remain a major challenge for the personnel executive.

**10. Management of Human Relations:** On the ‘industrial relations’ front, things are not showing much improvement even after so many efforts by the government in this direction. Though a large number of factors are responsible for industrial unrest but a very significant cause is the growth of multi unions in industrial complexes having different political affiliations. Under the present conditions, it appears that inter-union rivalries would grow more in the coming years and might create more problems in the industry. Management of human relations in the future will be more complicated than it is today. Many of the new generation of employees will be more difficult to motivate than their

predecessors. This will be in part the result of a change in value systems coupled with rising educational levels.

## **STRATEGIC HUMAN RESOURCE MANAGEMENT APPROACH**

With increase in technology and knowledge base industries and as a result of global competition, Human Resource Management is assuming more critical role today. Its major accomplishment is aligning individual goals and objectives with corporate goals and objectives. Strategic HRM focuses on actions that differentiate the organization from its competitors and aims to make long term impact on the success of organization.

### **Differences between Traditional HRM And Strategic HRM**

Traditional Human Resource Management:

1. It focuses on employee relations, to partnership with internal and external groups.
2. Transformation in nature, in that it helps the people and the organisation to adapt, learns and act quickly.
3. Is proactive and consider various time frames in a flexible manner.

### **Strategic Human Resource Management:**

1. It realises that people can made or break an organisation because all decisions regarding finance, marketing, operations or technology are made by an organisation's people.
2. It compels people at all levels to focus more on strategic issues rather than operational issues.



3. It believes that there is no best way to manage people in any given organisation.

## **E-HUMAN RESOURCE MANAGEMENT**

E-HRM is the relatively new term for this IT supported HRM, especially through the use of web technology. The major goals of e-HRM are mainly to improve HR's administrative efficiency/to achieve cost reduction. Next to these goals, international companies seem to use the introduction of e-HRM to Standardize/harmonize HR policies and processes. Though e-HRM hardly helped to improve employee competences, but resulted in cost reduction and a reduction of the administrative burden. There is a fundamental difference between HRIS and e-HR in that basically HRIS are directed towards the HR department itself. Users of these systems are mainly HR staff. These types of systems aim to improve the processes within the HR departments itself, although in order to improve the service towards the business. With e-HR, the target group is not the HR staff but people outside this department: the employees and management. HRM services are being offered through an intranet for use by employees.

The difference between HRIS and e-HR can be identified as the switch from the automation of HR services towards technological support of information on HR services. e-HRM is a way of implementing HR strategies, policies, and practices in organizations through a conscious and directed support of and/or with the full use of web-technology-based channels. The word 'implementing' in this context has a broad meaning, such as making something work, putting something into practice, or having something realized. e-HRM, therefore, is a concept - a way of 'doing' HRM. The e-HRM business solution is designed for human resources professionals and executive managers who need support to manage the work force, monitor changes and gather the information needed in decision-making. At the same

time it enables all employees to participate in the process and keep track of relevant information.

The e-HRM business solution excels in:

- Modularity
- The solution can be accessed and used in a web browser
- Security of data, protected levels of access to individual modules, records documents and their component parts
- Parametric and customizability
- Access to archived records and documents
- User-friendly interface
- Connectivity with the client's existing information system (payroll accounting, ERP, attendance registration, document systems...) Multi-language support

**Advantages of the e-HRM business solution:**

- Gradual implementation
- Adaptability to any client
- Collection of information as the basis for strategic decision-making
- Integral support for the management of human resources and all other basic and support processes within the company
- Prompt insight into reporting and analysis
- A more dynamic workflow in the business process,

productivity and employee satisfaction

- A decisive step towards a paperless office
- Lower business costs

## **HUMAN RESOURCE INFORMATION SYSTEM (HRIS)**

Human Resource Information System is an important element in Human Resource development. It is a system to maintain, collect, and analyze data relating to Human Resources of the organization. It helps managers in decision-making in respect of promotion, wage fixing, recruitment, training and development. Human Resource Information System acts as a decision support system. The inputs of Human Resource Information System include the information relating to employees, their abilities, qualifications, potentialities, creative instincts, age, pay scales, various jobs in the organization, their required skills and qualifications to do them, the number of employees and executives manning various positions, organizational objectives, policies and procedures etc.

Major reasons for the present emphasis on manpower planning include the following:

### **1. Employment-Unemployment Situation:**

Though in general the number of educated unemployed is on the rise, there is an acute shortage of a variety of skills. This emphasizes the need for more effective recruitment and retaining people.

### **2. Technological Change:**

The changes in production technologies, marketing methods and management techniques have been extensive and rapid. Their

effect has been profound on job contents and contexts. These changes can cause problems relating to redundancies, retraining and redeployment. All these contribute to the need to plan Human Resource needs intensively and systematically.

### **3. Organizational Change:**

In a turbulent environment marked by cyclical fluctuations and discontinuities, the nature and pace of changes in organizational environment, activities and structures affect Human Resource requirements and require strategic consideration.

### **4. Demographic Changes:**

The changing profile of the work force in terms of age, sex, literacy, technical inputs and social background have implications for Human Resource planning.

### **5. Legislative Controls:**

It is easy to increase but difficult to reduce the numbers employed because of recent changes in labour law relating to lay-offs and closures. Those responsible for managing Human Resources must look far ahead and attempt to foresee Human Resource position. Now legislation makes it difficult to reduce the size of an organization quickly and cheaply.

### **6. Impact of Pressure Groups :**

Pressure groups such as unions, politicians have been raising contradictory pressures on enterprise management in areas such as internal recruitment and promotions, preference to employees' children, displaced persons, sons of soil, etc.

## **GREEN HUMAN RESOURCES MANAGEMENT (GHRM)**

GHRM is a new concept and is becoming popular all over the world. It has got different meanings to different people. There is no comprehensive definition of GHRM.

It refers to making efforts to improve energy efficiency or reduce the pollution produced by our home, business, and general living habits.

The main purpose of going green is to reduce the potential negative impact that energy consumption and pollution can have on the environment.

Green Human Resources Management (GHRM) can be defined as a set of policies, practices, and systems that stimulate the green behavior of a company's employees in order to create an environmentally sensitive, resource-efficient, and socially responsible organization.

### **Benefits/Advantages of Green HRM**

Green HRM involves undertaking environment-friendly HR initiatives resulting in greater efficiency, lower costs and better employee engagement and retention, which in turn, help organizations to reduce employee carbon footprints by electronic filing, car sharing, job sharing, teleconferencing, and virtual interviews, recycling, telecommuting, online recruitment and training, energy-efficient office spaces, etc.

The Green Human Resource Management plays an important role in the industry to promote the environment-related issues.

Organizations must formulate HR policies and practices, train people to increase awareness about the environment, and implement laws related to environmental protection.

The Green HRM may also help the employers, manufacturers in building brand image and reputation.

Organizations need to conduct an environmental audit, thus changing the organizational culture, thinking about waste management, pollution, and helping the society and its people, those are getting affected by pollution.

It will also make employees and society members aware of the utilization of natural resources more economically and encourage eco-friendly products.

Experts have identified the benefits of GHRM, which are mentioned below:

- Helping companies to bring down costs without losing their talent.
- Organizations have huge growth opportunities by being green and creating a new friendly environment, which helps in enormous operational savings by reducing their carbon footprint.
- It helps in achieving higher employee job satisfaction and commitment, which leads to higher productivity and sustainability.
- Create a culture of having concern for the wellbeing and health of fellow workers.
- Improvement in the retention rate of the employee.
- Improved public image. Any time a firm adds a green initiative to its workplace, it can use the event to generate positive public relations. Organizations can promote environmental contributions to the media through press

releases to earn the attention of potential customers and possible new sales.

- Promote employee morale.
- Improvement in attracting better employees. Dolan's (1997) study of USA MBA students found that most of the graduates would take a lower salary to work for environmentally responsible organizations.
- Reduction in the environmental impact of the company.
- Improved competitiveness and increased overall performance.
- Reduction of utility costs significantly. Even small businesses can significantly reduce their utility costs by using technologies that are energy-efficient and less wasteful.
- Rebates and Tax Benefits. Going green is easier with the assistance of governments, local municipalities, Water supply authority, and electric companies that offer tax incentives and rebates.
- Increased business opportunities. Some government agencies, commercial businesses, and nonprofit institutions mandate that only businesses that meet specific green standards can bid on their contracts. Some also mandate that their purchasing departments only buy green products or use products and services sold by companies that meet certain green standards.
- Reduction of environmental damage. Encouraging employees, through training and compensation, to find ways to reduce the use of environmentally damaging materials.

## Disadvantages of GHRM

While environmentally friendly living is a positive ideal, there are several possible disadvantages of going green. Gregory Hamel has made a review of the disadvantages if an organization is going green.

The major disadvantages are listed below;

**Initial costs :** Perhaps the greatest disadvantage of going green is that it often requires a high initial cost.

**Inadequate savings:** The aim of going green in many cases, such as building an energy-efficient home or purchasing a hybrid vehicle is to reduce environmental impact while saving money in the long term.

**Increased capital outlays:** Some green conversions require an initial cash outlay that decreases the firm's bottom-line performance while the investment is paying for itself. This can decrease the earnings or annual profits of a firm.

**Uneven competition:** In the business world, going green can be an attractive goal to gain goodwill and consumer support, but unless green improvements are economically viable, it can put a business at a competitive disadvantage

**Marginal impact:** In the business world, going green can be an attractive goal to gain goodwill and consumer support, but unless green improvements are economically viable, it can put a business at a competitive disadvantage. The theory is that if everyone were to go green, it would have a significant and noticeable impact, but not everyone can be convinced to go green, and many believe that doing so has no real impact outside of the economics. This makes going green a personal choice for many



**Employee apathy and reluctance:** Many employees feel that it is not their responsibility to protect the environment while they are at work. But the newly educated workforce is emphasizing on environmental management consciousness when they choose their employers.

### **Green HRM Practices**

Researchers suggest a few Green HRM practices, which are mentioned below:

- Encouraging employees, through training and compensation, is to find ways to reduce the use of environmentally damaging chemicals in their products.
- Assisting employees in identifying ways to recycle products that can be used for playgrounds for children who don't have access to healthy places to play.
- Designing a company's HRM system is to reflect equity, development, and wellbeing, thus contributing to the long-term health and sustainability of both internal (employees) and external communities.
- Emphasizing long-term employment security is to avoid disruption for employees, their families, and their communities.
- Use of job portals of companies for recruitment and custom of telephone, internet, and video interviews, which can lessen the travel requirements of the candidate and affecting the reduction in paperwork.
- Green rewards to employees can be provided by companies in the arrangement of the nature-friendly workplace and lifestyle benefits through providing carbon credit equalizers, free bicycles, and pollution-free vehicles for transportation to

the workplace to engage employees in green agenda.

- Talented, skilled, and experienced employees are environmentally conscious now, and they always look for self-actualization to be committed to their work. Green HR can create this commitment by following green values and practices.
- Green actions can occur with minimum use of paper and printed materials in recruitment, training and development, and performance appraisal.
- A company can create a green business environment by reducing the use of printed materials, increased 'recycling, using eco-friendly grocery and lunch bags, and prohibiting the use of bottled water, plastic in the workplace.
- Luminous light bulbs and other energy-saving green devices can be used in the workplace.
- Companies can inspire their employees to change their travel and transportation ways through reducing official car trips, using public transport for business travel, carpooling, providing interest-free loans to purchase hybrid cars, and cycling or walking to work.
- Conduct business meetings and conferences through the internet, telephone, and video conferencing wherever possible to reduce business travel.
- Provide flexible work opportunities to employees in telework or work from home by using emails and company portals through intranet and internet.
- Wellness programs for employees, their family members, and

general people can be arranged to focus on physical fitness, proper nutrition, and a healthy lifestyle. As an important green objective, environmental management can be included in the mission statement of the company as a part of their social responsibility. Organizations can arrange cleanliness and waste management initiative in the workplaces and surrounding society to cause awareness about green issues.

- Encourage the employee to turn off lights, computers, and printers after work hours and on weekends for further energy reductions.
- Inspire employees to place computers and printers in energy-saving settings when they will be away for a while.
- Turn off office lights while attending meetings and at night and over the weekend. Turn lights off in restrooms, conference rooms, libraries, and so forth when the room is not in use.
- Work with IT to switch to laptops over desktop computers because Laptops consume up to 90% less power.
- Arrange an air conditioning system with discretion.
- Purchase large or refillable containers of creamer, sugar, salt, pepper, and butter instead of individual containers.
- Arrange green-themed games to promote environmentally friendly behavior and staff togetherness.
- Provide green promotion, which includes loan discounts on fuel-efficient cars and energy-saving home improvements, discounts at local green merchants.

## **HUMAN RESOURCE AUDIT**

Human Resource audit is a systematic survey and analysis of different Human Resource Development functions with a summarized statements of findings and recommendations for correction of deficiencies.

Main objectives of Human Resource audit:-

- To determine the effectiveness of management programmes for HRD
- To analyze the factors involved in Human Resource Development

A thoroughly conducted HR Audit will answer questions like:

What are the current employee policies?

Are these policies accessible?

Are these policies actually applied?

Are policies in compliance with legal aspects of employment?

Do we have procedures to update policies regularly?

Are we taking adequate measures to provide training at each level?

### **Benefits of HR Audit**

- A well conducted HR Audit can prove to be very beneficial for the company in terms of identifying gaps between the current working and standard working of HR department, thereby streamlining processes. The Audit system also

inculcates a greater sense of responsibility among HR professionals as they feel motivated to give good results during the Audit.

- An HR Audit if performed properly gives clarity on HR duties and responsibilities by highlighting areas of improvements and suggesting efficient methods. HR Audit helps in knowing the competitive HR trends in industry and fill the gaps in the company's system.
- It can help the company in cost reduction by implementation of better procedures, bringing improvement in employee productivity and adapting Measures to fill performance gaps.
- The Human Resource Information System which has become an integral part of Human Resource system is also evaluated during HR Audit and
- Suggested changes to it can make it more efficient and employee friendly.

## **Audit Process**

The HR audit process involves the following steps:

- 1. Pre-audit information:** A complete review of the company's policies, manuals and procedures followed
- 2. On-site review:** Questionnaires, interviews, observation, informal discussions, surveys, or a combination of these methods to get relevant information from top management, employees and company environment
- 3. Records review:** Review of current HR records, employees' files, employee absenteeism and turnover statistics, notices, compensation claims, performance assessments, etc.

**4. Audit report:** Compilation of report with appropriate conclusions and recommendations and highlighting the strengths and weaknesses of the HR function along with the necessary improvements as required.

### **Methods of HR Audit**

**1. Individual interview method:** In this method top management is asked questions about the HR policies and procedures in the company

**2. Group interview method:** This method involves top management and senior HR professionals interview to gauge relevant information for the Audit

**3. Workshop method:** This method involves conducting a workshop to know about the HR system in an interactive manner and also suggesting changes to it.

**4. Questionnaire method:** Questionnaire is distributed to employees to know about their perceptions about the HR system and get an understanding that if the procedures and rules followed by the company are fair,

**5. Observation:** Observation of the day to day working and checking if rules and regulations are being followed.

### **WORK-LIFE BALANCE**

Work-Life Balance does not have a universal definition but many researchers have tried to figure out its meaning. In a layman's language one can say that it means a balance between WORK and LIFE of any working individual irrespective of the person's gender, level of employment, organization or industry. Precisely, one can also say that it refers to the balance between an employer's personal and professional life. Personal Life includes

friends, family and Professional Life includes work in the office. Another definition could be “how an individual manages his/her time by focusing on both on-the-job and private time to facilitate health and personal satisfaction without negatively impacting productivity, personal and professional success.” These days it is a very important concept because people are working continuously and hence expect some leniency from the company. Some say it is the ability to experience a sense of control and to stay productive and competitive at work while maintaining a happy, healthy home life with sufficient leisure. It’s attaining focus and awareness, despite the tasks and activities competing for your time and attention. Also, work-life balance entails having some breathing space for oneself each day, feeling a sense of accomplishment, while not being consumed by work and having an enjoyable domestic life without short-changing career obligations. And it’s rooted in whatever fulfillment means to someone within 24-hour days, seven-day weeks. There is no perfect, one size fits all, balance one should strive for. The best work-life balance is different because of different priorities and lives that everyone has. It does not mean an equal balance. It may vary over time though. Various researches have shown that Achievement and Enjoyment are the two most important aspects of Work-Life Balance. It means pride, satisfaction, happiness, celebration, love, a sense of wellbeing etc. Therefore, according to many, another good definition for Work Life Balance would be, “Meaningful daily Achievement and Enjoyment in Work, Family, Friends and Self.”

### **The Six Components of Work Life Balance**

**Self-Management** refers to sufficiently managing one’s self which can be challenging, particularly in getting proper sleep, exercise, and nutrition. It is the recognition which tells us that

effectively using the spaces in our lives is vital, and that available resources, time, and life are finite.

- **Time Management** or more appropriately said effective time management involves making optimal use of your day and the supporting resources that can be summoned – one can keep pace when the resources match the challenges. Time management is enhanced through appropriate goals and discerning what is more important and urgent, versus important or urgent. It entails knowing what you do best and when, and assembling the appropriate tools to accomplish specific tasks.
- **Stress Management** refers to managing the stressful situations. Since, societies tend to become more complex over time therefore these days stress on an individual is inevitable. More people, distractions, and noise require each of us to become adept at maintaining tranquility and working ourselves out of pressure-filled situations. Most forms of multitasking ultimately increase our stress, versus focusing on one thing at a time.
- **Change Management** refers to the continuous adaptation of new methods and re-adapting others is vital to a successful career and a happy home life. Effective change management involves making periodic and concerted efforts to ensure that the volume and rate of change at work and at home does not overwhelm or defeat you. In our fast-paced world, change is virtually the only constant. **Technology Management** refers to effectively managing technology which means ensuring that technology serves you, rather than abuses you. Technology has always been with us, since the first walking stick, flint, spear, and wheel. Now, the rate of change is accelerating, brought on by vendors seeking expanding



market share. Often there is no choice but to keep up with the technology, but one must rule technology, not vice versa.

- **Leisure Management** is the most overlooked part of the work-life balance supporting disciplines, it acknowledges the importance of rest and relaxation- that one can't shortchange leisure, and that "time off" is a vital component of the human experience. Curiously, too much of the same leisure activity, however enjoyable, can lead to monotony. Thus, effective leisure management requires varying one's activities."

## **MANAGING DIVERSITY**

In today's era, all organizations are working towards the management of diversity at respective workplaces to enforce a sense of belonging among employees so as to achieve the objectives set by them. Incorporating diversity practices in a workplace can include recruiting from diverse talent sources to make the company open to employees from various backgrounds. Diversity may also be infused into advertising practices to ensure products and services are targeted to all consumers who represent the target market, whether through print, online, television or radio. Today, as workplaces embrace the idea of diversity, they often tend to realize benefits that help in improvement of their companies, from new ideas to increased international exposures and opportunities.

Diversity adds varied ideas and perspectives to a workplace. A possible equation of the company should be as follows:

**Respecting Individuals + Valuing & Respecting Differences + Focusing on Business Goals as a team = Diversity**

**Advantages of a diverse workforce:**

**Creativity increases** when people with different ways of solving difficult problems work together towards a common objective. The heterogeneous groups are cross-fertilizing one another within the organization, bringing in more creative ideas and solution techniques. More the ideas obtained from different people, more likely the business develops a workable answer.

**Productivity increases** exponentially when people of various cultures work together towards a single inspiring goal. Employers can offer more solutions to customers because of new ideas and processes brought into the organization. Workplace diversity increases employee morale and causes employees to desire to work more effectively and efficiently.

**New attitudes** are brought to the business table by people from diverse cultures. For instance, Americans may want to consider adopting the perspective other cultures have about time. Our culture believes that “time is money” and “getting to the bottom line” is paramount in business. However, in most other countries around the world “time is for building relationships” and an integral part of getting to know the other party you are considering doing business with before starting a transaction. How much of an advantage would workplace diversity be if we followed this practice more closely?

**Language skills** are obviously needed in today’s increasingly global economy and diverse workers often have this proficiency. If a company needs specific knowledge or language skills, it may hire foreign nationals for help. In some markets, international job seekers have the advantage. For example, companies breaking into European, Asian or Latin American markets will need foreign expertise. It is always advised, that to truly build relationships with the other people of the world, we must speak their language. It is a tremendous advantage of workplace diversity if we enable people from other cultures can help us

understand not just their words, but also the meaning behind what they are saying.

**New processes** can result when people with different ideas come together and collaborate. In today's fast-moving world, there is no longer room for thinking. American workers must bring multiple skills to the environment, think cross culturally, and adapt quickly to new situations. Those who meet these criteria are likely to do well, regardless of culture--even in tough economic times.

**Positive Reputation** - Job seekers are drawn to companies with diverse workforces because it is evident that the companies do not practice employment discrimination. Potential employees want to know that employers treat their staff fairly regardless of race, ethnicity or gender. Not only are such firms able to attract new talent but they can also retain existing talent because of high employee morale resulting from workforce diversity.

**Other benefits** include: enhanced performance, access to wider talent pool, diversity of thinking and improved corporate governance.”

## **Diversity Issues**

Diversity in the work environment promotes acceptance, respect and teamwork. Companies that overcome certain diversity issues often achieve greater productivity, profit and company morale. The major diversity issues at workplace include:

### **Respect in the Workplace**

The key component in achieving a favorably diversified workplace is establishing teamwork and mutual respect among staff members. Acceptance of individual differences is essential

in creating a copacetic and productive work environment. Acceptance leads to respect, and ultimately opportunity.

## **Conflict**

Conflict among employees becomes inevitable when prejudice, racism, discrimination and a lack of respect creep into a work environment. If not distinguished, this can turn explosive or even violent. Businesses who provide a diversified work environment and provide sufficient diversity training often reduce or eliminate such occurrences.

## **Lifestyle Acceptance**

Though one's personal life should typically not affect their job performance, however, at times the lifestyle acceptance is an issue in the workplace. Unfortunately, even though many employers now provide extended benefits to "alternative lifestyle partners," sometimes gay and lesbian workers experience disrespect and discrimination from co-workers. Such behaviour often leads to an uncomfortable working atmosphere and poor productivity.

## **Ethnic and Cultural Differences**

It is often noticed that, some individuals harbour unfair prejudices against people of different colours, cultures, ethnicity or religion than their own. Such prejudice should not be tolerated in the workplace and should be dealt with in a firm and prompt manner. Firm company policies and appropriate training help build acceptance and respect among a well-diversified employee body.

## **Gender**

One the oldest and most common diversity issues in the workplace is the topic on "men vs. women". Over the years, a new

element in the disputes over equal pay and opportunity is the transgender employee.

## **Harassment**

At times harassment can be an issue in a diversified work environment, but should absolutely never be tolerated. Recognizing harassment is key in preventing and eliminating discrimination from the workplace. Even the slightest comment made in jest can be considered harassment if any -- even remotely vague -- any racial, sexual or discriminatory connotation is made. For example, "I love Asian women" or "We should have hired a man."

## **Communication**

Even when no prejudice exists among employees, a diversified workplace can bring about certain communication issues. Hiring immigrants who speak little or no English can reduce productivity by creating a communication barrier among team members. Employing some form of communication training and hiring sufficiently bilingual workers helps encourage and improve staff interaction.

## **Generation Gaps**

In larger diversified corporations, staffs are often made up of workers who range in age from teenagers to senior citizens. Inevitably, generation gaps can become an issue and the age differences can trigger "cliques" and separation of the company as a unit. Bridging the gap between multiple generations of workers can sometimes become an issue for employers attempting to establish teamwork.

## **Disabilities**

Unfortunately, workers who are mentally or physically handicapped sometimes encounter discriminatory behaviour from insensitive co-workers. In some cases, employers innocently overlook handicapped worker needs, such as ramps or special needs equipment. Creating a fair and comfortable work environment for disabled employees is important in a diversified workplace.

## **Consistency**

Diversity training and practices are not just a course or exam that employees take. Consistency and a daily practice of company behaviour policies is essential in moulding a positive and productive workplace.

## **Steps in Managing Diversity**

“Diversity in the workplace is important for running a successful business. Your workforce, your customers, and your markets are increasingly diverse. To promote individual and organizational success, you must welcome diversity and manage it well. These five steps will help to manage diversity effectively:

**Emphasize communication:** Organizations should ensure that all employees understand their policies, procedures, safety rules, and other important information. They should work to overcome language and cultural barriers, have key materials, such as safety information, translated when possible and use pictures and symbols on warning signs so that everybody can understand.

**View employees as individuals:** Positive and negative stereotypes, both should be avoided. There should not be any assumptions regarding employees from different groups. Successes and failures should be judged individually.

Organizations should respond promptly and firmly when employees express prejudices or stereotypes and also remind them of the policies that prohibit discrimination. Employees should be encouraged to view co-workers as individuals and judge them on their work, not on personal factors.

**Encourage employees to work in diverse groups:** Organizations should assure that work teams reflect the diversity of their workplace. Diverse work teams let employees get to know and value one another as individuals. They also help in expanding the experiences and views of all the workers on the team. In addition, they help them recognize the strength of their combined talents and perspectives.

**Base decisions on objective criteria:** Each and every employee (of all backgrounds) should be asked to meet required standards and perform to the best of their ability. There should not be different criteria for different groups. Management should focus on job-related issues, not personal issues, when dealing with employees.

**Be open-minded:** Recognize, and encourage employees to recognize, that one's own experience, background, and culture are not the only ones with value to the organization. Management should set an example of encouraging diversity by developing relationships with colleagues whose backgrounds differ from theirs. They should identify ways to incorporate diverse perspectives and talents into efforts to achieve organizational goals.

## **EMPLOYEE SEPARATION, DOWNSIZING, OUTSOURCING**

Employee separation is a sensitive issue for any organization. Usually, an employee leaves the organization after several years

of service. Thus, the permanent separation of employees from an organization requires discretion, empathy and a great deal of planning. An employee may be separated as consequence of resignation, removal, death, permanent incapacity, discharge or retirement.

The employee may also be separated due to the expiration of an employment contract or as part of downsizing of the workforce. Organizations should never harass the employees, especially in the case of resignation, just because they are quitting the organization. In fact, a quitting employee of the organization must be seen as a potential candidate of the future for the organization and also the brand ambassador of its HR policies and practices. However, many organizations are still treating their employees as "expendable resources" and discharging them in an unplanned manner whenever they choose to do so.

Each organization must have comprehensive separation policies and procedures to treat the departing employees equitably and ensure smooth transition for them. Further, each employee can provide a wealth of information to the organization at the time of separation. Exit interviews can be conducted by the HR department to ascertain the views of the leaving employees about different aspects of the organization, including the efficacy of its HR policies.

### **The cost of employee separation**

The cost of employee separation differs for different firms. For example, an organization's geographic location may necessitate a particularly high cost of recruiting new employees, which causes the cost of turnover in that organization to be unusually high. The effect of lost talent on sales, on productivity, or on research and development all may be tremendous, but difficult to estimate. Also, in recent study it has been found that employee turnover



rate is related to profitability. A research done by 200 insurance brokers ended up with this conclusion.

**Recruitment costs:** “The costs associated with recruiting a replacement may include advertising the job vacancy and using a professional recruiter to travel to various locations (including college campuses).”

**Selection costs:** “Selection costs are associated with selecting, hiring, and placing a new employee in a job. Interviewing the job applicant includes the costs associated with travel to the interview site and the productivity lost in organizing the interviews and arranging meetings to make selection decisions.”

**Training costs:** “Most new employees need some specific training to do their job. Training costs also include the costs associated with an orientation to the company’s values and culture.”

**Separation costs:** “A company incurs separation costs for all employees who leave, whether or not they will be replaced. The largest separation cost is compensation in terms of pay and benefits. Most companies provide severance pay (also called separation pay) for laid-off employees. Severance pay may add up to several months’ salary for an experienced employee. Although length of service is the main factor in determining the amount of severance pay, many companies also use formulas that take into account factors such as salary, grade level, and title.

## **LABOUR LEGISLATIONS**

Labour law also known as employment law is the body of laws, administrative rulings, and precedents which address the legal rights of, and restrictions on, working people and their

organizations. As such, it mediates many aspects of the relationship between trade unions, employers and employees.

The term ‘Labour Legislation’ is used to cover all the laws which have been enacted to deal with “employment and nonemployment” wages, working conditions, industrial relations, social security and welfare of persons employed in industries.

In other words, Labour law defines the rights and obligations as workers, union members and employers in the workplace. Generally, labour law covers:

- Industrial relations – certification of unions, labour-management relations, collective bargaining and unfair labour practices;
- Workplace Health and Safety;
- Employment standards, including general holidays, annual leave, working hours, unfair dismissals, minimum wage, layoff procedures and severance pay.

There are two broad categories of labour law. First, collective labour law relates to the tripartite relationship between employee, employer and union. Second, individual labour law concerns employees’ right at work and through the contract for work. The labour movement has been instrumental in the enacting of laws protecting labour rights in the 19th and 20th centuries. Labour rights have been integral to the social and economic development since the industrial revolution. In India, labour legislation is treated as an arm of the State for the regulation of working and living conditions of workers. Organized industry in a planned economy calls for the spirit of co-operation and mutual dependence for attaining the common purpose of greater, better

and cheaper production. Since this had not been happening voluntarily, the need for State intervention. 3.

## **History/Evolution of Labour Laws**

### **History of Labour Laws across World**

Labour law arose due to the demands of workers for better conditions, the right to organize, and the simultaneous demands of employers to restrict the powers of workers in many organizations and to keep labour costs low. Employers' costs can increase due to workers organizing to win higher wages, or by laws imposing costly requirements, such as health and safety or equal opportunities conditions. Workers' organizations, such as trade unions, can also transcend purely industrial disputes, and gain political power – which some employers may oppose. The state of labour law at any one time is therefore both the product of, and a component of, struggles between different interests in society.

International Labour Organization (ILO) was one of the first organizations to deal with labour issues. The ILO was established as an agency of the League of Nations following the Treaty of Versailles, which ended World War I. Post-war reconstruction and the protection of labour unions occupied the attention of many nations during and immediately after World War I. In Great Britain, the Whitley Commission, a subcommittee of the Reconstruction Commission, recommended in its July 1918 Final Report that “industrial councils” be established throughout the world. The British Labour Party had issued its own reconstruction programme in the documents titled Labour and the New Social Order. In February 1918, the third InterAllied Labour and Socialist Conference (representing delegates from Great Britain, France, Belgium and Italy) issued its report, advocating an international labour rights body, an end to secret diplomacy, and

other goals. And in December 1918, the American Federation of Labour (AFL) issued its own distinctively apolitical report, which called for the achievement of numerous incremental improvements via the collective bargaining process.

As the war drew to a close, two competing visions for the post-war world emerged. The First was offered by the International Federation of Trade Union (IFTU), which called for a meeting in Berne in July 1919. The Berne meeting would consider both the future of the IFTU and the various proposals which had been made in the previous few years. The IFTU also proposed including delegates from the Central Powers as equals. Samuel Gompers, president of the AFL, boycotted the meeting, wanting the Central Powers delegates in a subservient role as an admission of guilt for their countries' role in the bringing about war. Instead, Gompers favoured a meeting in Paris which would only consider President Woodrow Wilson's Fourteen Points as a platform. Despite the American boycott, the Berne meeting went ahead as scheduled. In its final report, the Berne Conference demanded an end to wage labour and the establishment of socialism. If these ends could not be immediately achieved, then an international body attached to the League of Nations should enact and enforce legislation to protect workers and trade unions.

The British proposed establishing an international parliament to enact labour laws which each member of the League would be required to implement. Each nation would have two delegates to the parliament, one each from labour and management. An international labour office would collect statistics on labour issues and enforce the new international laws. Philosophically opposed to the concept of an international parliament and convinced that international standards would lower the few protections achieved in the United States, Gompers proposed that the international labour body be authorized only to make

recommendations, and that enforcement be left up to the League of Nations. Despite vigorous opposition from the British, the American proposal was adopted.

The Americans made 10 proposals. Three were adopted without change: That labour should not be treated as a commodity; that all workers had the right to a wage sufficient to live on; and that women should receive equal pay for equal work. A proposal protecting the freedom of speech, press, assembly, and association was amended to include only freedom of association. A proposed ban on the international shipment of goods made by children under the age of 16 was amended to ban goods made by children under the age of 14. A proposal to require an eight-hour work day was amended to require the eighthour work day or the 40-hour work week (an exception was made for countries where productivity was low). Four other American proposals were rejected. Meanwhile, international delegates proposed three additional clauses, which were adopted: one or more days for weekly rest; equality of laws for foreign worker; and regular and frequent inspection of factory conditions.

The Commission issued its final report on 4 March 1919, and the Peace Conference adopted it without amendment on 11 April. The report became Part XIII of the Treaty of Versailles. (The Treaty of Versailles was one of the peace treaties at the end of World War I. It ended the state of war between Germany and the Allied Powers. It was signed on 28 June 1919).

The first annual conference (referred to as the International Labour Conference, or ILC) began on 29th October 1919 in Washington DC and adopted the first six International Labour Conventions, which dealt with hours of work in industry, unemployment, maternity protection, night work for women, minimum age and night work for young persons in industry. The prominent French socialist Albert Thomas became its first

Director General. The ILO became a member of the United Nations system after the demise of the League in 1946.

## **Evolution of Labour Laws in India**

The law relating to labour and employment is also known as Industrial law in India. The history of labour legislation in India is interwoven with the history of British colonialism. The industrial/labour legislations enacted by the British were primarily intended to protect the interests of the British employers. Considerations of British political economy were naturally paramount in shaping some of these early laws. Thus came the Factories Act. It is well known that Indian textile goods offered stiff competition to British textiles in the export market and hence in order to make India labour costlier the Factories Act was first introduced in 1883 because of the pressure brought on the British parliament by the textile magnates of Manchester and Lancashire. Thus India received the first stipulation of eight hours of work, the abolition of child labour, and the restriction of women in night employment, and the introduction of overtime wages for work beyond eight hours. While the impact of this measure was clearly welfarist the real motivation was undoubtedly protectionist.

The earliest Indian statute to regulate the relationship between employer and his workmen was the Trade Dispute Act, 1929 (Act 7 of 1929). Provisions were made in this Act for restraining the rights of strike and lock out but no machinery was provided to take care of disputes.

The original colonial legislation underwent substantial modifications in the post-colonial era because independent India called for a clear partnership between labour and capital. The content of this partnership was unanimously approved in a tripartite conference in December 1947 in which it was agreed

that labour would be given a fair wage and fair working conditions and in return capital would receive the fullest co-operation of labour for uninterrupted production and higher productivity as part of the strategy for national economic development and that all concerned would observe a truce period of three years free from strikes and lockouts. Ultimately the Industrial Disputes Act (the Act) brought into force on 01.04.1947 repealing the Trade Disputes Act 1929 has since remained on statute book.

### **The nature of labour legislations**

The following points characterise the nature of labour legislations: a) The labour legislations are the products of Industrial Revolution and they have come into being to take care of the aberrations created by it. They are different from common legislations, because they come to alleviate special disorders created by specific circumstances. Therefore, they are specific and not general in orientation, philosophy, concept and even in practice.

b) Labour legislation regards individuals as workers, whereas the general legislation regards him a citizen. The principles governing labour legislations are more influenced by the postulates of social justice than general justice. Workers are the weaker class of industrial society and have suffered long at the hands of employers. Therefore, these sets of legislations go out of the way in protecting workers and securing justice to them. The influences of ‘discriminative justice’ and ‘distributive justice’ can be clearly seen over them. All the labour legislations are heavily skewed towards labour and they are specifically designed like that.

c) Labour legislation seeks to deal with problems arising out of occupational status of the individual. Consequently, such

problems as hours of work, wages, working conditions, trade unions, industrial disputes etc. come to be the main subject matter of labour legislations. Thus, the behavior of the individual or his groups is the function of labour legislation as of any other legislation. But under labour legislation, the individual is affected in the capacity of a worker or an employer. Therefore, the persons who are neither the employers nor the workers are least affected directly by labour legislation. To make the point clear, a few examples are necessary. A legislations regarding working conditions such as the factory legislation or laws regarding payment of wages or compensation for work injusry or employment of women or children impinges upon the individuals as workers and the employers. On the contrary, a law regarding ownership of property or a law relating to the marriage or sales tax affects him as a citizen.

d) Individuals have different roles to perform and different laws are designed for regulating the different roles. It is the role-relation that determines whether a particular legislation falls under the category of labour legislation, social legislation or general legislation. All these legislations try to meet the specific objectives of their respective target groups that is (a) to provide subsistence, (b) to aim at abundance, (c) to encourage equality, and (d) to maintain security.

e) As labour legislations are to regulate the conditions of labour in the industrial milieu, it is required to be adjusted as per the changing requirements of industry. This has to be done more frequently than the general legislation where changes are not that swift. Unless labour legislations are subjected to frequent revision and not left to continue as they are, they become obsolete and irrelevant. The Indian Labour Legislations are the best examples. Most of them have become outdated as the required revisions have not been affected and gaps have been created between the



expectation of industrial society and the institution of labour legislation.

f) Not only contractual obligations, but beyond it by created new rights and obligations. Labour Law can operate along with General Law. A ‘theft’ can be dealt by Labour Law as well as IPC No jurisdiction of civil courts.

### **Objectives of the labour legislations**

Labour legislation in India has sought to achieve the following objectives:

- a) Establishment of justice – Social, Political and Economic.
- b) Provision of opportunities to all workers; irrespective of caste, creed, religion, beliefs; for the development of their personality.
- c) Protection of weaker sections in the community.
- d) Maintenance of Industrial Peace.
- e) Creation of conditions for economic growth.
- f) Protection and improvement of labour standards.
- g) Protect workers from exploitation.
- h) Guarantee right of workmen to combine and form association or unions.
- i) Ensure right of workmen to bargain collectively for the betterment of their service conditions.
- j) Make state interfere as protector of social wellbeing than to remain an onlooker.
- k) Ensure human rights and human dignity.

Proper regulation of employee-employer relations is a condition precedent for planned, progressive and purposeful development of any society. The objectives of labour legislation are a developing concept and require ceaseless efforts to achieve them on a continuous basis. In its landmark judgment in *Hindustan Antibiotics vs. The Workmen* (A.E.R. 1967, S.C. 948; (1967) 1, Lab.L.J.114) the Supreme Court of India made a significant observation. The object of the Industrial law, said the Court, was to bring in improvements in the service conditions of industrial labour by providing them the normal amenities of life, which would lead to industrial peace. This would accelerate the productive activities of the nation, bringing prosperity to all and further improving the conditions of labour.

### **Need and importance of labour legislation in India**

The need for labour legislations may be summarized as under:

It is necessary for the health, safety and welfare of workers.

It is necessary to protect workers against oppressive terms as individual worker is economically weak and has little bargaining power.

It encourages and facilitates the workers in the organization.

It provides a mechanism to settle industrial disputes of various nature.

It helps in enforcing social insurance and labour welfare schemes.

It is instrumental in improving industrial relation i.e. employee-employer relations and minimized industrial disputes.

It helps workers in getting fair wages

It helps in minimizing labour unrest.

It ensures job security for workers

It promotes welcome environment conditions in the industrial system

It helps in fixing rest pauses and work hours etc.

It helps in providing appropriate compensation to workers, who are victims of accidents.

### **Classification/types of labour legislation**

On the basis of specific objectives, which it has sought to achieve, the labour legislations can be classified into following categories:

- A. Regulative
- B. Protective
- C. Wage-Related
- D. Social Security
- E. Welfare both inside and outside the workplace.

### **A. The Regulative Labour Legislation**

The main objective of the regulative legislation is to regulate the relations between employees and employers and to provide for methods and manners of settling industrial disputes. Such laws also regulate the relationship between the workers and their trade unions, the rights and obligations of the organizations of employers and workers as well as their mutual relationships.

1. The Trade Unions Act, 1926
2. The Industrial Disputes Act, 1947

3. Industrial Relations Legislations enacted by states of Maharashtra, MP, Gujarat, UP, etc.

4. Industrial Employment (Standing Orders) Act, 1946.

### **B. The Protective Labour Legislations**

Under this category come those legislations whose primary purpose is to protect labour standards and to improve the working conditions. Laws laying down the minimum labor standards in the areas of hours of work, supply, employment of children and women, etc in the factories, mines, plantations, transport, shops and other establishments are included in this category. Some of these are the following:

1. Factories Act, 1948
2. The Mines Act, 1952
3. The Plantations Labour Act, 1951.
4. The Motor Transport Workers Act, 1961
5. The Shops and Establishments Acts
6. Beedi and Cigar Workers Act, 1996

### **C. Wage-Related Labour Legislations**

Legislations laying down the methods and manner of wage payment as well as the minimum wages come under this category:

1. The Payment of Wages Act, 1936
2. The Minimum Wages Act, 1948
3. The Payment of Bonus Act, 1965
4. The Equal Remuneration Act, 1976

## **D. Social Security Labour Legislations**

They cover those legislations, which intend to provide to the workmen, social security benefits under certain contingencies of life and work.

1. The Workmen's Compensation Act, 1923
2. The Employees' State Insurance Act, 1948
3. The Coal Mines PF Act, 1948
4. The Employees PF and Miscellaneous Provisions Act, 1952
5. The Maternity Benefit Act, 1961
6. Payment of Gratuity Act, 1972

Chapter VA of the Industrial Disputes Act 1947 is also, in a manner of speaking, of the character of social security in so far as it provides for payment or lay-off, retrenchment and closure compensation.

## **E. Welfare Labour Legislations**

Legislations coming under this category aim at promoting the general welfare of the workers and improving their living conditions. Though, in a sense, all labour-laws can be said to be promoting the welfare of the workers and improving their living conditions and though many of the protective labour laws also contain chapters on labour welfare; the laws coming under this category have the specific aim of providing of improvements in the living conditions of workers. They also carry the term "Welfare" in their titles.

1. Limestone and Dolomite Mines Labour Welfare Fund Act, 1972
2. The Mica Mines Welfare Fund Act, 1946

3. The Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Fund Act, 1976.
4. The Cine Workers Welfare Fund Act, 1981
5. In addition, some state governments have also enacted legislations for welfare funds
6. Beedi Workers Welfare Funds Act, 1976

## **F. Miscellaneous**

Besides the above, there are other kinds of labour laws, which are very important. Some of these are:

1. The Contract Labour (Regulation and Abolition) Act, 1970
2. Child Labour (Prohibition and Regulation) Act, 1986
3. Building and other construction workers (Regulation of Employment and Conditions of Service) Act, 1996
4. Apprentices Act, 1961
5. Emigration Act, 1983
6. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
7. Inter State Migrant Workmen (Regulation of Employment and Condition of Service) Act, 1979
8. Sales Promotion Employees (Condition of Service) Act, 1976
9. Working Journalists and other Newspapers Employees (Condition of Service and Miscellaneous Provision) Act, 1955.

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