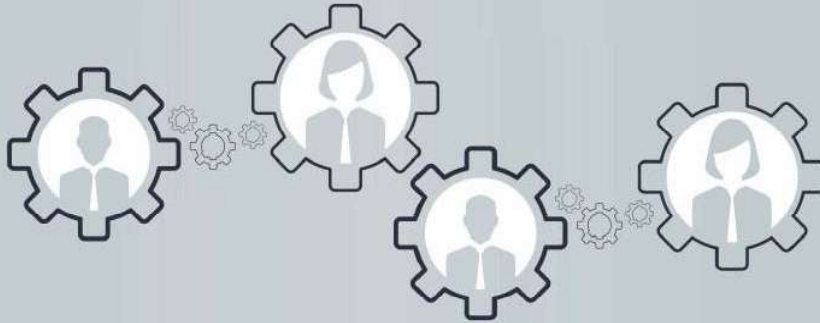# HUMAN RESOURCE MANAGEMENT
(HRM)

Message for the Students

Dr. Babasaheb Ambedkar Open (University is the only state Open University, established by the Government of Gujarat by the Act No. 14 of 1994 passed by the Gujarat State Legislature; in the memory of the creator of Indian Constitution and Bharat Ratna Dr. Babasaheb Ambedkar. We Stand at the seventh position in terms of establishment of the Open Universities in the country. The University provides as many as 54 courses including various Certificate, Diploma, UG, PG as well as Doctoral to strengthen Higher Education across the state.

On the occasion of the birth anniversary of Babasaheb Ambedkar, the Gujarat government secured a quiet place with the latest convenience for University, and created a building with all the modern amenities named 'Jyotirmay' Parisar. The Board of Management of the University has greatly contributed to the making of the University and will continue to this by all the means.

Education is the perceived capital investment. Education can contribute more to improving the quality of the people. Here I remember the educational philosophy laid down by Shri Swami Vivekananda:

"We want the education by which the character is formed, strength of mind is Increased, the intellect is expand and by which one can stand on one's own feet".

In order to provide students with qualitative, skill and life oriented education at their threshold. Dr. Babaasaheb Ambedkar Open University is dedicated to this very manifestation of education. The university is incessantly working to provide higher education to the wider mass across the state of Gujarat and prepare them to face day to day challenges and lead their lives with all the capacity for the upliftment of the society in general and the nation in particular.

The university following the core motto 'स्वाध्‍य‍ाय: परमम् ‍ तप:' does believe in offering enriched curriculum to the student. The university has come up with lucid material for the better understanding of the students in their concerned subject. With this, the university has widened scope for those students who
are not able to continue with their education in regular/conventional mode. In every subject a dedicated term for Self Learning Material comprising of Programme advisory committee members, content writers and content and language reviewers has been formed to cater the needs of the students.

Matching with the pace of the digital world, the university has its own digital platform Omkar-e to provide education through ICT. Very soon, the University going to offer new online Certificate and Diploma programme on various subjects like Yoga, Naturopathy, and Indian Classical Dance etc. would be available as elective also.

With all these efforts, Dr. Babasaheb Ambedkar Open University is in the process of being core centre of Knowledge and Education and we invite you to join hands to this pious *Yajna* and bring the dreams of Dr. Babasaheb Ambedkar of Harmonious Society come true.

Prof. Ami Upadhyay
Vice Chancellor,
Dr. Babasaheb Ambedkar Open University,
Ahmedabad.

MBA

SEMESTER-2

HUMAN RESOURCE MANAGEMENT

BLOCK: 1

Dr. Babasaheb Ambedkar Open University
(Established by Government of Gujarat)

HUMAN RESOURCE MANAGEMENT

SEMESTER-2

Block

1

BLOCK

2

UNIT: 1	INTRODUCTION TO HUMAN RESOURCE MANAGEMENT (HRM)

1.1 INTRODUCTION

An organization carries out various activities and performs many functions by the optimum utilization of its resources like land, labour, machine, capital, information. However, the most important component of any organization is its human resources or people. It is the human resources that employ the various resources efficiently and lead to organizational effectiveness.

Human resources are the people at work either at the national level or the organizational level. Every individual who works in an organization is unique and possesses different personality traits, physical capacity, skills and needs. The organizations need to be aware of these human differences, understand them, and manage them effectively. Most problems in an organization are also faced due to human resources and the interaction among them. But, the fact is that an organization can enjoy a competitive advantage due to its human resources and their effective management.

1.2 HRM CONCEPT

In the present era of globalisation, business restructuring and other changing factors in the business environment lay emphasis on quality of human resources - their skills, competencies and values. Flexibility and adaptation in a volatile environment are considered to be the key

to success for any organisation. These capabilities can be achieved through the human resources and their innovative ideas. Human Resource Management thus, tends to be an integral organisational activity that integrates all other business activities. The function of Human Resource Management can therefore be considered as:

- A line function where every manager is responsible for performing human resource functions.
- A staff function where the HR managers make recommendations to the line managers about framing policies and procedures that enable them to function smoothly.

1.3 DEFINITIONS

Over the years, there have been various perspectives to define the term Human Resource Management which is reflected in the definitions of HRM given below:

Pigors and Myers "It is basically a method of developing potentialities of employees so that they feel maximum satisfaction of their work and give their best efforts to the organization".

Byars and Rue - "Human resource management encompasses those activities designed to provide for and coordinate the human resources of an organization Human resource functions refer to those tasks and duties performed in organizationsto provide for and coordinate human resources".

Ivancevich and Glueck – "Human Resource management is the function performed in organizations' that facilitate the most effective use of people (employees) to achieve organizational and individual goals".

According to Decenzo and Robbins- "HRM is concerned with the people dimension in management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organization is essential to achieve organisational objectives. This is true, regardless of the type of organization – government, business, education, health or social action"

Guest (1987) "HRM refers to a set of policies, designed to maximize organisational integration, employee commitment, flexibility, and quality of work."

From the above definitions, it can be stated that HRM is concerned

with the procurement, development, motivation and maintenance of human resources. It is also a function to maintain relationships amongst organisational members. It emphasises on the need for formulating strategies for the effective utilisation of human resources.

1.4   NATURE/CHARACTERISTICS OF HRM

Human Resource Management is concerned with managing people at work in a systematic manner and it is a part of management process. The following characteristics of HRM shall explain it in greater detail:

1 It is concerned with managing people as individuals and as groups.
2 It is a function which is be performed in all types of organisations, Profit as well as Non- Profit Making, Government or Private Organisations, Small or large scale organisations. Thus, it is an all pervasive function.
3 HRM adopts a flexible approach. Every situation poses a challenge which needs to be handled in a dynamic manner.
4 HRM is futuristic and goal oriented since it aims at achievement of organisational goals that are set for the future.
5 HRM is concerned with the development of employees, groups and organisation at large.
6 It is multidisciplinary in nature since it involves the study of various disciplines like psychology, social science, political science to understand and manage human behaviour at work.
7 HRM is a subsystem of the larger system which is the organisation. It is a comprehensive function that integrates all other activities of the business.
8 It is a continuous process involving formulating strategies and policies, attracting, developing, motivating and retaining the work force of an organisation.

1.5   HISTORY/EVOLUTION OF HRM

Certain concepts in HRM are age old and can be traced back to as early as 400 B.C. in Kautilya which talked about job analysis, selection procedure, incentive plans, and performance appraisal too. The Babylonian Code of Hammurabi in 1800 B.C. included minimum wage rate and incentive plans. Thus, the present day field of HRM represents a mix of various historical factors and emerging concepts affecting the treatment of human resources and their dignity in the organisation. The stages of growth of HRM concept have been discussed below:

1. **The Industrial Revolution:** During this period, a lot of automation and mechanisation took place leading to huge capital investments in the industry. This also led to standardisation in production and urbanisation of workers. Workers had to perform a very small portion of the job and increased speed and efficiency was the expectation of the management. Production targets set by the management were very high leading to boredom and monotony for the workers who did repetitive jobs. The work places became unsafe and unhealthy but the Government did the least to protect the interests of workers. This phase characterised by the paternalistic role of management laid some emphasis on labour welfare and suggested the appointment of a labour welfare officer to protect the interests of the workers and act as their spokesperson.

2. **Scientific Management:** F.W. Taylor advocated scientific management for improving efficiency of the workers and the production system at large. Scientific management propagated a systematic analysis and breakdown of work into smallest mechanical elements and rearranging them into their most efficient combination. It also suggested that individuals selected for jobs or tasks should be perfectly matched physically and mentally to meet the task requirements. Employees should be carefully trained as placed so as to ensure the right person on the right job. They must be provided incentives for efficiency through a differential piece wage system. It also promoted the application of work studies, time and motion studies, for setting appropriate work targets in the organisation. This phase emphasised on good working conditions and focused on scientific methods of work.

3. **Trade Unionism:** Workers joined hands to protect themselves against exploitative tendencies of employers and prohibitive unfair labour practices through unions. Unions tried to improve the conditions of work and work relationships through collective bargaining, resolving workers' grievances relating to working conditions, pay, benefits, and disciplinary actions.

4. **Human Relations Movement:** From 1924 to 1933, Elton Mayo and his colleagues at Harvard University conducted Hawthorne experiments by that led to a new perspective that employee productivity was affected not only by the way the job was designed and the manner in which employees were rewarded, but also by certain social and psychological factors. This led to the evolution of certain behavioural sciences and concepts like training of supervisors, concern for workers, better industrial relations, employee counselling were introduced as a part of Personnel Management. This movement also influenced the growing strength of unions during 1930s and 1940s. The rise of unionism during this period was due to the Wagner Act which gave workers legal right to bargain collectively with

employers over matters concerning wages, job security, benefits and many other conditions of work.

5. **Human Resources Approach:** During the 1960s, various theories that laid emphasis on making workers happy to make them productive failed to show the same results hence it was rejected and the importance of individual differences started getting recognition. Every individual in the workplace is unique and has different needs, values, personality and hence it became clear that every human being needs to be treated differently and each person is motivated with a different set of motivators. In order to make them productive, they were treating as resources or assets and the ideology that came into being was, it is not the job related factors that motivate or satisfy employees but it is the job itself which is a source of satisfaction for human beings. Thus, employee participation in management was emphasised in order to bring employee involvement and commitment towards the organisation. All decisions and strategies became employee – oriented to ensure effectiveness and bring change or new ideas.

6 **HRD Concept:** The recent and the most modern concept is that employees should be accepted as partners in the progress of the company. They should have a feeling of belongingness. Employee empowerment and better quality of work life can help in attaining this. Hence, focus should be on Human Resource Development (HRD). It focuses on developing a proactive strategy to bring individual development leading to group development and which finally would lead to organisational development. By aligning individual goals with the organisational goals, human resources are motivated. This concept transforms human resources to play various roles like counsellors, mentors, problem solvers, strategic partners and strategic advisors to the top management.

1.6 FUNCTIONS OF HRM

There are various functions of HRM which are classified as Managerial and Operative Functions as illustrated,
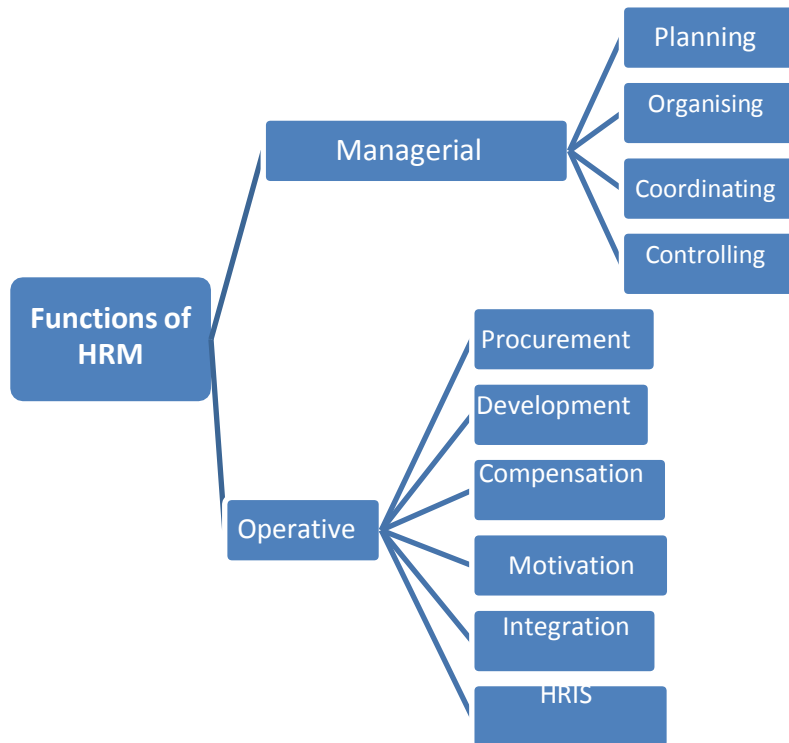
The managerial functions integrate with the operative functions in the day to day activities of the business that concern human resource management. These functions define the scope of HR activities.

1. Managerial Functions:

- Planning is the determination of future course of action. It includes determination of specific objectives, determining projects and programmes, setting policies and strategies, setting rules and procedures and preparing budgets. Plans may be prepared for long-term period, or intermediate-term or short-term. The HR manager undertakes planning of the activities involved within the scope of the HR function and integrates it with the overall organizational planning.
- Organizing is the process of dividing work into tasks or duties and then grouping them to form various positions and then grouping the various positions into departments and sections and assigning duties to individuals as planned, determining the organisational structure, deciding the level of delegation and decentralisation in an organisation is a part of organising function. It ensures that all necessary activities will be performed and objectives would be achieved.
- Directing involves communication, supervision, motivation and leadership. The utilisation of human resources is a very dynamic and challenging task. The employees must be communicated about the work standards and expected behaviour from them. The superiors

must continuously guide them and motivate them to work enthusiastically. The HR manager also has to perform these functions in relation to his department so that the employees can perform the tasks assigned to them effectively and remain committed to the organisation.

- Controlling involves setting standards of performance or work, measuring the actual results, comparing the actual results or performance with the expected results as set by the planning process, identification of deviation between the two, if any, and taking of corrective action so that actual results match with expected results. The HR manager evaluates the performance outcomes by comparing them with the set standards and takes necessary corrective actions wherever required.

Besides the managerial functions, the operative functions are procurement, development, appraisal and compensation, motivation, integration and maintenance and Human Resource Information System (HRIS).

2. Operative Functions

The **Procurement** function includes selecting and placing appropriate personnel both in terms of number as well as their suitability for the organization. It comprises of :

HR Planning: This function pertains to assessing the supply of existing manpower in the organization and estimating the demand for the number and type of human resources that would be required in future to implement the corporate strategies.

Recruitment: Stimulating prospective candidates to apply for jobs offered by an organization is recruitment. This function connects job seekers to job providers and enables in creating a pool of applications from which suitable candidates can be selected by the organization. Nowadays many companies use e – Recruitment in order to attract applicants.

Selection: Identifying and choosing the appropriate candidate for a job vacancy through the use of multiple selection tests helps a company procure competent employees.

Placement: Assignment of the selected person to a particular job and team available in the organization is called placement. It helps to bring a good match between the employee and the job profile. It ensures good coordination and effectiveness in the organization.

Induction: Introducing an employee to the organizational history,

policies, systems, products and customers, management group and one's job communicates related information and builds confidence in a new employee and helps the person adjust to the work and work situation easily and fast.

Job Changes: It covers employee's transfer and promotion. When an organization does internal recruitment, the existing employees can be transferred from their present jobs to another department, process or branch where there is no change in the degree of authority,

responsibility, skills required, pay and designation. However, many a times employees are promoted and are offered higher level jobs that involve higher authority, responsibility, skill level, pay and designation. Deciding whether to make any job changes and for which employeesis an important part of internal recruitment.

The **Development** function involves developing people for better performance and changing their positions over a period of time to match between individuals and jobs.

HRD System is developing a system comprising of procedures and rules for developing employees at individual level focusing on organizational development. HRD is a system in which there is development of the organisation as a whole. It is about creating an environment in which every employee is able to utilize and develop his/her abilities to achieve individual and organisational goals.

Training is the process of imparting or enhancing skills and knowledge of employees and changing attitudes of employees so that they are able to perform their jobs well and also leads to attainment of organizational effectiveness.

Management Development is the process of developing managerial capabilities of employees to ensure that they are ready for the environmental challenges posed before them in the future in their career as well as they equip themselves with necessary skills for career growth in future.

Organization Development is concerned with changing overall organizational culture and climate along with personnel to have a better match between them and the changed situation. It focuses on improving human qualities to adapt easily to changing situation and promotes collaboration.

Competency Mapping is the process of identifying key competencies for an organisation or a job. It involves identifying the specific skills, knowledge, abilities, and behaviours required to operate effectively in a particular business or trade or jobposition. Competency maps, skills profile or competency profilesshow where each person stands in terms of skill and is beneficial to a team.

The **Compensation** function involves determining base compensation, incentives, benefits, etc.so as to match people's efforts with suitable rewards. It includes:

Performance Appraisal is the systematic and periodic evaluation of employee's performance to identify the strengths and weaknesses in employee performance. It is a motivational tool and helps in monitoring an individual employee's performance. Various techniques have been developed to conduct appraisals.

Job evaluation is measuring the relative worth of a job as compared to other jobs in an organization. It provides a scientific basis for determining wages and salaries of employees based on their jobs.

Base Compensation determination is one of the key functions of HRM. It is a tool to attract and retain competent employees. It is the basic reward determined for the effort or services provided by an employee.

Incentives are rewards in the form of bonus provided to those employees who are more efficient. Determination of type of incentive schemes and its implementation is important determinant of employee motivation and satisfaction.

Benefits and facilities are called indirect financial compensation and are different from incentives. They are provided to all employees of the organization and continue for the number of years they work for the organisation. Thus the combination of benefits and services to be offered are to be determined as well as its administration needs to be developed. The budget for offering benefit schemes has to be determined. An appropriate combination of short term and long term benefits needs to be designed. It is a retention tool.

Wage and Salary Administration is the development of a system for the calculation and payment of wages and salaries to employees onthe payroll. This system needs to be transparent and reliable. The mode of payment, pay day, pay cut policies and other related policies are defined under this function.

❖ The **Motivation** Function involves

Bonus is a financial reward given to employee on the basis of profits or on the basis of better productivity. Nowadays, bonus is offered to professionals and sales employees as well as intermediaries involved in the selling and distribution of goods.

Incentives are another form of direct financial compensation and are also termed as variable pay or pay for performance. Incentive or variable pay is a plan that establishes a linkage between pay and productivity. It could be linked to individual, team or organisational performance.

Individual incentives reward performance of individuals for their efforts. They are also a tool for employee retention. Straight piece rate system or differential piece rate system are examples of this type on incentive.

Group / Team incentive plans are designed to encourage team cooperation and collaboration. Team members' compensation includes rewards based on team performance in addition to individual wages. Work team plans in a service firm and gain sharing are examples of team incentives. Generally for pooled jobs, these kinds of incentives are offered.

Organisational incentives are offered depending upon organisational performance that year. Stock options and profit sharing plans are common forms of organisation wide incentives.

Promotion is a tool to fulfill the ego needs of an individual. By offering a higher level job position, an employee is rewarded for better performance of job. It is a financial and non- financial motivational tool. The basis of promotion, promotion policy, eligibility criteria etc. are determined as a part of HR function.

Awards are non – financial motivators to recognize the efforts or effective performance of employees in their respective jobs. They are in the form of titles, certificates, medals, trophies.

Employee Empowerment is an emerging trend in today's organisations. Employees are offered autonomy in their work and are also allowed to make decisions pertaining to their jobs and responsibilities. This improves the quality of work life and also enhances their level of commitment towards the job and organization.

Job Rotation is a technique to overcome the limitations of boredom and monotony due to division of labour and specialization. It also is an essential tool for improving employee versatility. Employees are periodically transferred from one department to the other in order to retain interest in the job and also to develop competencies to perform multiple tasks and understand the whole job.

Job enlargement and enrichment is a tool to overcome the limitations of monotony as well as to improve employee motivation by bringing variety in the nature of tasks. Job enlargement is horizontal expansion of a job and increase in nature of tasks with no additional skill required to perform the task while job enrichment involves a vertical expansion of the job and needs additional skills to be able to perform the job. It makes the job interesting and challenging.

❖ The **Integration and Maintenance** function covers:

Employee Participation provides varied opportunities to include employees in planning and decision making. They are given right to express their views or opinions while making decisions. This function ensures employee commitment and makes every employee feel that they are an important part of the organization.

Communication with all members of the organization regularly and clearly is a key determinant of good relationships amongst organizational members. Designing the system for smooth communication and building networks for communication forsmooth flow of information and ideas is an important function of the HR department.

Safety and Health of employees is an essential aspect of employee welfare programme and good industrial relations. Determining the level of safety, developing the safety programme and providing appropriate health programmes improve the sustainability of human resources of an organization

Retirement Benefits / Long term benefits comprises of Social security, Pension Plans, Provident Fund Scheme and Gratuity. It provides a form of social security in which the employees contributea part of their salaries and the employers must contribute on behalf of their employees. This amount of money is a provision of efficient social security to all the employees and is further paid at the time of retirement, emergencies, resignation or death (to nominee).

Stress Management is a systematic approach to handling stressful

situations. Stress Management Programmes are conducted to promote the physical and mental well-being of the employees. Stress is the biological and psychological reaction to a situation. In organisations, stress converts into burnout which leads to increased absenteeism, turnover and reduced job satisfaction.

Industrial Relations is concerned with managing good relations between management group and operatives. This involves designing of industrial relations systems, managing discipline, developing industrial relations programme and a code of conduct to ensure cordial relations within the industry and organisation.

Grievance handling procedure is needed to redress the grievances that arise in the workplace. Grievance is a dissatisfaction, complaint, objection or injustice. It may occur due to poor working conditions, infringement of labour laws, lack of managerial responsibility, lack of safety and welfare, improper tools, lack of career progression, lack of role clarity etc. these grievances could be imaginary or factual and need to be resolved ideally through suggestion boxes, open door policy exit interviews, morale surveys.

Management of Disputes is possible through preventive measures as well as through statutory measures. However, to ensure industrial peace and harmony, it is essential to settle the disputes constructively. However, industrialisation has created a wide gap between management and labour. The workers have realised that most of their demands are satisfied only if they resort to collective action by joining unions while employers are aware that they can resist these demands.

❖ The (**HRIS**) **Human Resource Information System** function incorporates

HR records involves maintaining the records of employee's biographical data, background and also the promotion, trainings and appraisal results of every employee in such a manner that they can be easily retrieved

HR audit is a procedure to verify if the policies and procedures set by the HR department are effective. The methods for conducting HR audit are to be identified and evaluated from time to time.

HR Research is conducted to assess the effectiveness of the existing HR Policies and identifying the areas and the need for designing new policies in the different activities and functions of the business organisation.

HR valuation/ accounting is the process of identifying the value of human resources of an organisation by conducting a cost- benefit analysis. It is a practice to prepare and present human resource accounts in some countries of the globe.

To sum up we can say that HR department merely does not perform the above functions but nowadays, also has the responsibility of building a good brand image of the company in order to attract the best talent and also to retain the existing human resources which helps in minimising the cost of recruitment and replacement and also in timely completion of projects.

1.7 IMPORTANCE OF HRM

HRM is of vital importance to an organisation as well as any nation. It helps in the attainment of objectives of any organizations/nation. The following points highlight its importance in today's competitive and globalised era.

- It helps in effective utilisation of the skills and abilities of the humanresources of an organisation as well as a nation
- It motivates and retains employees in the organisation
- It ensure that employees dignity in the workplace is maintained
- It provides trained workforce to an organisation
- It supports teamwork enhances team spirit
- It helps in creating and maintaining a conducive work environment thatenables smooth flow of work
- It forecasts the requirements of manpower and ensures a continuous flow of competent people for accomplishing organisational goals.
- HRM   helps in changing attitudes of employees towards the organisation and builds employee commitment and involvement.
- It provides an environment for developing creativity / new ideas at thework place.
- By generating employment opportunities HRM improves standard ofliving of people at large
- It minimises idle time and puts the human resources to productive use
- It also ensures that employees derive job satisfaction and remain productive.

1.8   RESPONSIBILITIES OF HR MANAGERS

HR managers have never worked in isolation. They have always partnered with line managers in the management of human resources and optimum utilization of their abilities. Although, this partnership has not always reached an ideal situation, HR managers are taking up

greater responsibilities in decision making and strategic planning. They undertake certain typical responsibilities:

HR services – HR managers perform many service activities like recruiting, selecting, testing, planning, training, grievance handling. Expertise in all these areas is essential and forms the basis of HR programs. They need to communicate regularly with line managers and supervisors and understand the problems from their perspective.

Policy Formulation and Implementation- HR managers usually draft new policies and revisions in the existing policies to prevent problems or to resolve recurring problems. HR departments also monitor performance of line departments to ensure that HR policies and procedures are complied with. The line managers depend upon HR managers for interpreting the policies in case of any ambiguity.

Advise and Counsel- HR managers often provide consultancy to supervisors, managers and executives. HR managers help the line managers in adopting the ethical approach in decision making. Since they are abreast of the policies, needs of employees, labour agreements, past practices, legal and regulatory framework, economic data they can even advise the top management while making decisions. In smaller organizations HR managers not only counsel executives but also employees.

Employee Advocacy- One of the key responsibilities of HR managers is to listen to employee's concerns and represent their needs and expectations to the management. Developing and maintaining good industrial relationsis also the responsibility of HR manager.

1.9 COMPETENCIES OF HR MANAGERS

HR managers are expected to possess many competencies since these days they not only assume HR responsibilities but also play an active role in forming the overall organsiational strategy. The competencies needed for this role as explained by Arthur Young, Brockbank and Dave Ulrich (1994) are:

Business Mastery – HR professionals need to have a clear understanding of the organization, its vision, activities, functional areas, customers and economic capabilities. They should be able to build good external relations as well.

HR Mastery – HR professionals need to be proficient and aware of changes in the practices related to staffing, team building, motivation, performance appraisals, reward systems, communication and developing an appropriate organizational design.

Change Mastery – HR managers play the role of change agent. They need to possess creativity, must be innovative and must possess interpersonal skills problem solving skills in order to manage the

change process effectively.

Personal Credibility- HR professionals must develop good relationshipswith customers as well as employees based on trust. The HR manager must function with an ethical approach, demonstrate good values and beliefs and be fair in dealing with them.

HR managers or professionals in most businesses these days perform various roles rather than just the administrative role. They are becoming business partners due to their knowledge and competencies.

1.10 CHALLENGES FACED BY HR MANAGERS IN THE PRESENT TIMES/EMERGING TRENDS IN HRM

HR managers are faced with various challenges in the present times and those organizations who can deal with them effectively enjoy a competitive edge. The challenges faced by them could be classified into three categories:

1. Individual Challenges

Ethical Dilemmas- Ethical breaches have been reportedly increasing on a regular basis. It is because managers do not make ethical decisions or employees fear a loss of job and there is no platform debate or discussion on ethical issues. Some companies have started training programmes to ensure ethical code of conduct while some others have introduced traditional trainings or online training programs on ethics. Many seminars are also being conducted to promote ethical behavior of employees.

Brain Drain- In the knowledge economy, companies are subject to risk of loss of intellectual property where key employees are attracted by competitors. Large industries are also faced with the problem of employee turnover. It not only affects the smooth functioning of the organization, but also completion of projects in a timely manner, introduction of new ideas and products. It is a problem faced at the national level too where talented human resources leave their home country in search of better opportunities. HR departments and HRD ministry need todevise measures to effectively deal with it.

Job Insecurity – Layoffs are a very common phenomenon in the present era of competition and change. A major source of stressand dissatisfaction for employees today is job insecurity. It reduces their productivity and adversely hampers performance. Job security is a top priority issue for most trade unions even today.

Productivity- Productivity of an employee measures the amount of value addition done by an employee to the goods and services provided by an organization. The greater the output of an individual, higher is the productivity of the organization. However, employee productivity is affected by the motivation of employees, their skills and the quality of work life.

Matching People and Organisation- It is very difficult and challenging to attract and retain people who can easily adjust to the firm's culture and match the overall organisational objectives. People have their own aspirations and skill set. To integrate these with the needs of the organization is becoming difficult day by day.

2. **Organizational Challenges** are problems which are internal to an organization. One of the techniques adopted by managers to solve these issues before they become grave is to predict them and deal with them proactively. For this, the HR managers need to be aware about the organizational issues that affect the human resources and their management.

Competition – Labour cost is one of the most important elements of cost in most organizations. How well the labour costs are managed determine the competitive position of the organization. Devising HR policies which help in controlling costs of human resources, improving quality and retaining competent and talented employees are key in today's competitive environment. Training human resources for efficiency and productivity, aligning compensation plans with performance or productivity helps to reduce the costs. Implementing TQM (Total Quality Management) systems enable in improving quality of products and processes. Also by recruiting, selecting and retaining competent employees with distinctive capabilities would help to enjoy a competitive edge.

Employee Empowerment- Providing employees with the skills and authority to make decisions pertaining to their own work instead of receiving orders from senior managers is Empowerment. Itencourages employees to be creative, responsible, motivated and committed to the organization.

Downsizing- Downsizing also known as right sizing. It involves reducing the number of employees for improving its outcomes or for cost cutting. In the global scenario it is a very common strategy for facing the economic pressures. It includes early retirement schemes such as VRS (Voluntary Retirement Scheme). Even though there is shortage of skilled labour, many companies lay-off employees from jobs to increase productivity and profit or to increase flexibility and

adopt changes fast or in order to reduce the number of employees due to work redesign. In such a situation, the challenge for the HR managers is to maintain the trust and relationship with survivors (those not removed from jobs). Low morale and low commitment of the survivors also needs to be tackled. It has led to breakdown of traditional employee- employer relationship characterized by mutual loyalty and life time employment issues like stress for employees due to job insecurity, employee involvement and loyalty towards the job and organization also need to be tackled.

Organizational Restructuring- Many organizations in the recent years have changed their structure from tall hierarchical structuresto flatter or even virtual organizations. There has been a considerable reduction in the number of positions between the top level management or CEO and the lowest level employee. Also, businesses are indulging into foreign ventures, joint alliances, mergers and acquisitions to enhance competitiveness but most often mergers and restricting fails due to the lack of preparedness of the human resources. It needs reconsideration and blending of human resource requirements, communication flows, training needs of employees, management practices and technical expertise.

Growth of Small Businesses- There is an increasing rate of growth of entrepreneurship and emergence of small businesses. However, these businesses face a high risk of failure due to smaller scale of operations and fewer employees to perform the tasks. Management of human resources is crucial and challenging in such businesses.

Self- Managed Work Teams- As against the traditional system on one superior issuing orders to 8 to 10 subordinates working under him, the present day organizations form self-managed teams that make their own decisions and are also responsible and accountablefor a particular task or job. It includes collective control over the pace of work, determining work assignments, collective choice of inspection and quality control methods and organisation of breaks. They are free to select their own members, purchase inputs, set pay scales without any approval from higher authorities. The members of a team evaluate each other's performance. This has

positive impact on productivity leading to better customer services, higher job satisfaction and high level of commitment to the organisation.

The challenge faced by an HR manager pertain to developing schemes for rewarding their performance, developing work flows and technical and administrative skills needed for the functioning of such teams.

Technology- The fast changing technology and a wide range of tools like computers, networking programs, telecommunications and internet have made work from home (telecommuting) options much easier and cost effective. But it poses issues like performance monitoring and career planning. Also the storage, retrieval and analysis of data is simplified but there are challenges on the ethical use of the data. It also interferes with the right to privacy where a company can monitor the usage of internet by its employees and customers. Thus HR managers need to determine who would have access to sensitive and confidential information and monitor systems to prevent abuses by managers and employees.

Outsourcing- Many companies are now shifting their work to outside agencies or suppliers on a contractual basis. It is a cost cutting tool as well as enables to obtain the advantage of distinctive competencies of those firms. If HR activities like recruitment, selection, training and compensation are outsourced, it leads to problems of data security since all personal data needs to be shared. However, outsourcing also leads to layoff of employees hired for that function and the challenge for HR is to monitor that theexternal agencies perform those functions with a high level of commitment and efficiency.

3. **Environmental Challenges:** The external forces that are beyond the control of the management largely affect the functioning of an organization. These factors could be :

Rapid Change – There are many changes in the business environment in the present times. Short product life cycles, unpredictable demand, work from home are a few examples that can be cited which characterize the volatility in the business environment. Employees feel stressed due to such rapid changes. In order to boost their productivity and morale, organizations are considering providing nap rooms, massage recliners, recreation centers in work place.
Increased growth of internet – Almost all business use internet in their business activities and the use of internet has led to changes in the way communication takes place in the organization. It also affects the way customer queries and complaints are handled. Ithas led to an overflow of information regarding various job opportunities at a global level. It has impacted the way trainings are imparted and meetings are conducted through online platform. Due to this, there is a demand for those employees who can handle internet and write emails.

Workforce diversity- There is diversity in the composition of workforce. There are people from across countries, regions, different

gender, different age groups and varied cultural background in an organization. In order to compete and prosper, firms need to devise strategies that facilitate the management of these diverse employees and bring coordination amongst them.

Globalization – Most companies in the present times are involved in manufacturing and/or marketing overseas and collaborating with foreign companies. They need to indulge into global hiring policies, adopted high – tech processes, establishing global alliances to smoothen operations in foreign countries. It also leads to a high demand for highly trained and skilled workforce. Knowledge of legal framework and HR practices of the different countries is indispensable.

Natural Disasters- A series of recent disasters like hurricanes, tsunamis, COVID pandemic have led to many contradicting situations. It includes making decisions about whether to pay or not those employees who were unable to report to workplace due to natural disasters, hiring temporary workers to fill the shortage of human resources, preventing loss of talent to competitors in other than disaster areas, providing medical support or other financial benefits to those who became victims to the disaster.

Changing work and family systems – There is observed a change in the family structures today. Most families are nuclear and have dual careers where husband and wife both are working. This has led to issues of child care and home care, Policies that are family- friendly like child care, care for elder resources, flexible working hours, etc. need to be formulated to hire and retain the most qualified employees. Shortage of skilled workforce in the service sector- Companies need to invest huge amounts of funds to train employees to develop various skills needed to satisfy customers in the service sector. The past few years have witnessed changes in customer tastes and preferences, improvements in technology and the way the business is managed. But, there is acute shortage of employees who possess even the basic skills like communication skills, decision- making skills, following the directions given, etc.

❖ **SUMMARY**

Human Resources are the living assets of the organization and the management of Human resources determines the level of organizational effectiveness. HR functions thereby play a dominant role in attracting, motivating and retaining its human force. The challenging role performed by HR managers today help in making an organization an open system that is adaptive to changes in the environment. HR managers also undertake unique responsibilities and

develop competencies to match the goals of the organization with the goals of human resources.

❖ KEY TERMS

Human Resource, Procurement, Development, Appraisal, Compensation, Integration, Employee involvement, Employee commitment Competency, Workforce Diversity, Corporate Restructuring

❖ CHECK YOUR PROGRESS

Multiple Choice Questions

1 The function that pertains to acquiring the services of human resources is _____
a. Training and Development
b. Appraisal and Compensation
c. Recruitment and Selection
d. Industrial Relations

2 The process of identifying the value of human resources of an organisation byconducting a cost- benefit analysis is _____.
a. HR audit
b. Performance appraisal
c. a and b both
d. Human Resource Accounting

3 Reducing the number of employees for improving business outcomes or forcost cutting is called _.
a. Downsizing
b. Turnaround
c. Globalization
d. Employee Empowerment

4 Which one of the following is not a characteristic of Human ResourceManagement?
a. It is a sub - system
b. It is multidimensional
c. It is futuristic and goal oriented
d. It is exploitative

5 Human Resource Management aims at _____.
a. Motivating people at work
b. Providing trained and skilled workforce
c. Creating employment opportunities
d. All of the above

e. Only a and b

6   Which of the following statement is incorrect?
i.   Competency Mapping is the process of identifying key competenciesfor an organisation or a job.
ii. The role of HR manager is that of a line manager
iii. Employee Empowerment is an emerging trend in today's organizations.
iv. Diversity in the composition of workforce is an advantage to today'sorganizations
a. i, ii, iv
b. ii , iv
c. iii, iv
d. ii, iii, iv

7   The following are the challenges faced by an HR manager today except_____

a. Stability of workforce
b. Competition
c. Environment
d. Productivity

8   Which of the following competencies an HR manager must possess?
a. Personal credibility
b. Change management
c. Business mastery
d. All of the above
e. None of the above
f. Only b

Answer in One Sentence:

1 Define the term HRM.
2 What is Employee Empowerment?
3 What is Competency Mapping?
4 Explain the objective of HR research.
5 Enumerate the components of HRIS.
6 Explain the term Employee Development.
7 What is HRD?

Explain in brief/ Write Short Notes on:

1 The concept of HRM
2 The importance of HR function for an organization
3 Employee Empowerment
4 Self- Managed Teams
5 Workforce diversity
6 Responsibilities of HR managers
7 Changing Role of HR

Discussion Questions

1 Describe the nature and scope of HR function in an organization.
2 What is Human resource management? Analyze the definitions of HRM in light of the roles and responsibilities of HR managers.
3 Discuss the challenges posed before an HR manager due to the changing environment.
4 'HR management is management that integrates all the functions of the organization and is a basic management function'. Discuss this statement.
5 The HR function has evolved through various phases. Discuss each phase and its contributions to the development of HR function in India.
6 Discuss the traditional and modern functions of HRM.
7 What are the essential competencies needed by an HR manager?
8 Evaluate the challenges faced by an HR manager in a Manufacturingunit?
9 How has the HR function in IT industry impacted the overall role of HRin other organizations?
10 Discuss the importance of HRM in today's organizations.

Assignment:

Select an organization for the study. State the strategies adopted by thatbusiness unit during COVID 19 pandemic times for effective HRM.
Explain in brief the various HR functions performed in a selected corporatefirm.
Interview an HR manager of any company and present the role played bythem and the challenges faced by them in the present times.

UNIT: 2   HUMAN RESOURCE PLANNING AND JOB ANALYSIS

2.1 INTRODUCTION

Human resources are an important part of the functioning of any organization. The development of an organization and its productivity depends upon their effective utilization. At regular intervals it is essential to match the requirements of the job with the individual and to make decisions about making necessary job changes like promotion and transfer of employees to motivate and retain them. It is also necessary to estimate the future demand for manpower so that the strategic goals like growth and diversification can be effectively achieved. It can be said that it is an important part of business planning.

2.2 MEANING AND DEFINITIONS

The procurement function of human resource management is a key function to ensure that the right person is in the right place at the right time. The primary step to acquire the human resources includes human resource planning which includes estimating the number and

type of people to be hired for a particular job. It also indicates the quality of human resources that would be required for effective achievement of organizational goals. It highlights the skills, competencies, and knowledge that need to be acquired for implementing corporate strategies and smooth functioning of an enterprise. It addresses the qualitative and quantitative need for human resources. The quantitative aspect of planning for the number and type of people as per the need is termed as hard human resource planning while the soft human resource planning ensures that the people with the right skills and attitudes, committed to the organization are available to match the organizational needs for human resources.

❖ **Definitions**

Robert Kreitner defines "HR Planning is the development of a comprehensive staffing strategy for meeting the organisation's future human resource needs."

"Man power planning or human resource planning is the process of determining man power requirements and the means for meeting those requirements in order to carry out the integrated plan of the organization."- **Coleman**

Stephen Robbins and Mary Coutle define as, "HR planning is the process by which managers ensure that they have the right numbers and right kinds of people in the right places at the right time who are capable of effectively and efficiently performing their tasks."

E.W. Vetter defines human resource planning as, "a process by which an organization should move from its current manpower position to desired manpower position. Through planning, management strive to have the right number and the right kind of people at the right place at the right time, doing things which result in both the organisation and the individual receiving maximum long-run benefit."

Schermerhon, Hunt and Osborn define as, "HR Planning is the process to provide capable and motivated people to carry out organisation's mission and strategy."

Bowey defines it as, "HR planning is an effort to anticipate future business and environmental demands upon an organization and to provide personnel to fulfill that business and satisfy that demand."

2.3 NATURE OF HR PLANNING

1. It is a part of the total organisational plan.
2. It is the process of forecasting organisation's future demand for right type ofpeople in right number.
3. It is future – oriented.
4. It is career and growth oriented.
5. There are plans for short- term as well as long – term
6. All organizations need to make HR plans periodically.

2.4 OBJECTIVES OF HR PLANNING

1 **Planning for future-** HRP enables an organization to foresee employee turnover and develop effective HR strategies related to activities like recruitment, selection, training, retraining, management development, transfer, early retirement, salary levels, accommodation requirements effectively.

2 **Competency Mapping and Skill Inventorying-** HRP gives an organization a clear idea of the number of employees, type, skills and attributes of people, competencies that will be needed in the future. HR Planning provides information about what gaps are there between demand for and supply of people with particular skills.

3 **Cost of Human resources-** HRP helps to reduce cost of human resources by assessing the surplus and shortage of human resources in the organisation and taking actions to correct imbalances. It also includes planning the HR requirements for all organizational operations. It helps to efficiently build the human resource supply for new projects and ventures by planning in advance the need for human resources.

4 **Employee Training and Development-** Human Resource Planning helps in identifying the training and development needs of the organisation and the activities that need to be undertaken to ensure that existing and new employees possess the requires skills at the right time. It helps to foresee the impact of technology on work and the need to hire or train existing employees for adopting such technology.

5 **Planning for Unemployment or Separation–** HR Planning is important to anticipate future retrenchment programmes in case of seasonal changes in demand for human resources or reduced demand for human resource due to economic cycles , financial difficulties faced by an organization, change in market position

and demand for goods or services of the organization and therefore allows remedial action like early retirements to reduce the number of employees, reduced working hours or work sharing, short – term ad- hoc employment.

6 **Collective Bargaining-** HR Plans provides important information for use in the collective bargaining process. It is important when the long term deals are being negotiated for improving productivity and efficiency. In such situations, HRP provides information and enables calculations on how much increase in pay or how much reduction in hours of work may be agreed upon in exchange for more productive working methods.

7 **Administrative Resource Planning-** HRP deals with planning of future need for office space, car parking, and workplace facilities. It also aims at controlling costs over the long term by forecasting the future HR needs and developing a planned supply for such human resources.

2.5 TYPES OF HR PLANS

1 **Succession Planning:** Succession planning is generally needed for key positions at higher levels. It is planning done to ensure that employees with right skill, competencies and experience are available for being promoted to key positions in the organisation due a sudden vacancy that arises in future. Keeping the second line of managers ready for career opportunities that arise in future.

2 **Competency Planning:** Planning to predict what skills and competencies (capabilities) would be required in next 1 to 5 years rather than number of employees and planning to develop these skills and competencies in existing employees.

3 **Career Planning:** Career planning covers executives at all levels including highly skilled employees and operatives. Career planning by nature includes succession planning. The career paths for executives are identified and how people can grow vertically in the organisation is indicated. In case of a vacancy arising at any level, the career plan is well supported by a succession chart. It involves integrating an employee's characteristics and preferences for career growth with organisation's culture, value–reward system, training and development system emphasizing on employees' responsibility for his own development. The organisation grooms or trains employees for future positions chalked out in the career map of an employee.

- **Based on time dimension HR planning could be classified as:**

1. Short term HRP – It is derived out of long term plans and enables the achievement of long term objectives of HRP. In short -term which is usually less than a year, there is no major change in human resources and organisational operations. Changes take place due to short term events like death, separation, resignation, promotion. Therefore, the basic problem in short - term is to effectively manage the utilisation of human resources by matching them with existing organisational jobs. However, at the organisational level, matching of surplus or shortage of manpower can be done by temporary layoffs, reducing working hours, reducingworkload in the short term.

2. Long -term HR plans – Time period of five years or more can be considered as long- term. In the long term, organizations have the flexibility to match its human resources and jobs through voluntary retirement schemes in case of surplus manpower and additional recruitments and selection and development of human resources for shortage of human resources. Thereby, a qualitative and quantitative adjustment is possible. At individual level, training programs for better skills, development programs for enhancing capabilities needed for higher level jobs are planned.

- **Based on Levels of HR Planning**
  1. **HR Planning can be done at Organisational level:** At organisational / firm level it involves department level and managerial level planning.

  2. **National level:** At national level, HR planning is done to achieve full employment of labour and its effective utilisation for economic development.

2.6 DETERMINANTS OF HUMAN RESOURCE PLANNING

1 **Equilibrium between Demand and supply for human resources -** The demand for human resources arise from the corporate or business strategy of diversification, growth, expansion for which new skills may be needed at times. For mergers and acquisitions, new recruitments may be needed to be done to hire such new skilled persons. Skills inventorying and competency mapping provide the necessary data pertaining to supply off human resources in the organization. Most organizations are faced with skill gap to cope with these changing situations and need to train their employees for these strategies.

2 **Technological Advancement -** The technology age has led to the advent of many new technologies adopted by most organizations. There is a need for hiring employees who possess the soft skills like interpersonal relationship and communication amidst the capital - intensive units of today. This has also led to a change in job design leading to demand for human resources who are proficient in the use of technology as well as possess the emerging competencies for interpersonal relationships.

3 **Changing attitude of employees -** Employee attrition is a burning issue related to human resources across the globe. There is a major shift in their expectations and attitudes. Shifting jobs is considered to be the stepping stone for career growth. These attitudes are particularly found among white collared employees who possess unique talents. Thus, their effective utilisation and retention is important and demands human resource planning efforts to ensure that they can be replaced in case of their separation.

4 **Changing organizational priorities and organisational structures-** In the past, companies focused on the skill levels of employees, their turnover ratio, the age mix of employees for determining the supply of human resources. While in the present times, when organizations' are focusing on core competencies, they are trying to attain growth through outsourcing jobs or prefer to offer project -based employment. A lot of organizations prefer virtual offices. This affects the demand for human resources directly.

5 **Changing aspirations of employees-** It is important to consider current changes in minds and aspirations of human resources. They aim at self- development and strategic partnership in the business. Hence, attracting and motivating individuals who are self-motivated and creative has become difficult in the present times.

6 **Type of organization -** The demand for human resources depend upon the size of the organisation, production processes involved, number and type of staff needed, supervisory and managerial employees required to function effectively.

7 **Organizational strategy -** The strategic plan/ corporate strategy of the organization about acquisition, merger and growth defines its HR needs whether to hire new employees, lay off some old and inefficient employees,

8   **Outsourcing –** Many business organizations have outsourced their non- core activities for cost reduction. This has directly led to reduction in the demand for human resources in such organizations.

9   **Supply conditions in the labour market -** Availability of people with skills and abilities that can be tapped. The supply of labour comprises of considering
   a.   Nature of production technology
   b.   Employability of people
   c.   Demand for goods, services in the country
   d.   Size, age , gender, educational composition of population

10 **Time horizon-** On one hand there are short term plans for less than one year, long term plans for three to twenty years. The socio-economicchanges in the short - term are rapid. These changes lead to change in the need for human resources. This time horizon affects personnel planning.

Modern HR Planning is the responsibility of all line managers and not the HR managers alone. It is a continuous activity which is integrated with all activities of the business and provides information not only for acquisition of human resources but also, their development and effective utilisation.

2.7   IMPORTANCE OF HR PLANNING

1. It helps to determine future personnel needs by focusing on corporate strategy of expansion, diversification, growth, or downsizing. It also helps in adjusting for shortage or surplus manpower supply.
2. HR Planning provides information for formulating strategy by providing type and number of people available to implement the corporate or HR strategy.
3. It helps in creating highly talented pool of human resources and prevent shortages in future. Due to technological changes or changes in business environment there is need for different number and type of people which is fulfilled by succession planning and manpower planning.
4. International expansion strategies of a business depend upon the ability of HR department to fill key positions with competent employees. Redeploying present employees in a global environment becomes necessary and an important strategy in this scenario. HR planning helps in integrating these complex issues.
5. It lays the foundation for designing and implementing other personnel functions like recruitment, selection, training, development and even retrenchment and layoffs.

6. Companies are increasing investment in human resources through direct training, job assignments hence it becomes important that employees are used effectively.

7. HR planning helps to unite the perspectives of line as well as staff mangers through effective communication and cooperation between them. Thus it also improves the relations between them.

8. Other Benefits :

a. Reduced personnel costs

b. Provides opportunity to search the right person for the job

c. Creates demand for local labour

d. Shortages or surplus can be anticipated and minimized

e. Development of employees by planning on- the –job assignments toupgrade them.

2.8   PROCESS OF HR PLANNING

The process of HR planning is one of the most crucial, complex, and continuing managerial function. It has gained importance in India with the increase in size of organisations, complex production techniques, changing technologies, adoption of professional management approaches. Itencompasses multiple steps like:

1 **Determining objectives of Human Resource Planning:** The main purposeof HR planning is to match employee's abilities with the enterprise requirements with an emphasis on future. The objectives of HR planning process may be short term to replace employees who left jobs or long termwhich could be to cope up with diversification of business. The other objectives of HR planning may be reducing HR costs or may be to cope up with seasonal fluctuations in demand for manpower.

2 **Estimating future organizational structure and manpower requirements:** The management must estimate the structure of the organization at a given point of time. For this, based on the corporate objectives, they need to determine the number and type of employees needed to fulfill those objectives. Many factors like business forecast, Government policies, level and type of competition, expansion and growth policies have to be considered to determine the future requirement of personnel. Thus, amanpower forecast has to be made and for this, requisitions from departments have to be obtained, vacancies should be confirmed in writing by different departmental heads to the HR department stating clearly the number of vacancies, job qualifications and experience required. Requisitions should be based on an accurate study of the job.

- The methods used for forecasting the demand for manpower are:
- Judgmental Method: Experts use the quantitative data and based on their judgement and experience, predict the requirements for manpower in future. Bottom up forecasting approach can be used where at unit level or branch level or division level demand forecasts are asked to prepare estimates. Another method is where the top management prepares the estimates of manpower requirements based on their future plans and considering the various environmental factors, it is called top down forecasting method. The Delphi technique can also be used where experts through filling questionnaires collect opinions and unanimously forecast the future manpower needs of an organisation.
- Trend Analysis is a technique where the past trends are analysed in order to predict the future employment opportunities.
- Mathematical Models like regression, budget analysis, etc. are also used to forecast demand for human resources.
- Computerised forecasts help in objective forecasting the needs for manpower by taking into account qualitative and quantitative factors like based on the number of walk in's in a store, the need for salesmen can be estimated.
- Workforce analysis: Based on the past records of past three to five years, employee turnover, retirement, death and absenteeism rate , manpower forecasts can be prepared.
- Workload Analysis is a method where the manpower forecasts are prepared based on the number of persons required for a job to
- generate certain level of output which is standard output) considering factors like idle time, absenteeism, employee productivity, etc.

3 **Auditing the Human Resources:** It involves assessing the supply of human resources. Once the future needs of human resources are estimated, the next step is to find out the present supply of manpower. This is done through a Skills Inventory. A Skills Inventory contains data of each employee and their skills, abilities, work preferences, other information like his competencies, experience and his overall value to the organization. Skills inventory helps in determining and evaluating the quantity and quality of the present human resources of an organization. They indicate the stock levels and highlight what updates are needed in the stock taking into account the capability, qualifications, experience, skills, knowledge and promotion or transfer potential of existing employees in the organization.

External sources of labour supply also need to be analysed while estimating or forecasting the supply of manpower. The factors that indicate the external source are availability of migratory labour, education level of workforce, attractiveness of labour or industry to a particular region, Government policies and legislations, unemployment rates in the country and region. There are many human resource information systems that provide such kind of information.

The supply of employees need to determined keeping in mind the job changes and development of employee careers as well as turnover and absenteeism of employees. Thus, conducting manpower audits regularly can help in assessing the available supply of manpower in an organization. Some of the techniques used for forecasting the supply of manpower are skill Inventorying, Markov Analysis, staffing table, replacement charts. Skill Inventorying has been explained above, the othertechniques are:

Markov Analysis which uses the past data of job changes – promotions, transfers, promotions and employee turnover to estimate future availability in workforce and the positons the employees will hold in the future in the organisation.

Staffing Table shows the number of employees hired by the organisation for various jobs along with their profile like gender, position, age, skills, training and qualifications. It highlights if the right person is in the right place and optimally utilised.

Replacement Chart gives a clear idea about who will replace whom in a department based on the organization chart.

4 **Job Analysis:** It is a procedure by which information is obtained about ajob. It is a detailed and systematic study of information relating to operations and responsibilities of a specific job. It includes job description and specification.

Job description is a written record of the duties and responsibilities and requirements of a particular job. It is concerned with the job to be performed. Job specification is a description of the qualities required in the employee who will be performing the job. It defines the required qualification, technical knowledge, work experience, education and other qualities in the personnel. Thus we can say that Job Specification describes the job holder.

5 **Developing an HR Plan:** This step refers to the development and implementation of the HR plan .It consists of finding out the sources of labour supply with a view to making an effective use of these sources. Also based on the analysis, whether there is a shortage or surplus can be identified. In case of shortage of manpower, the company/ firm can plan whether to hire new persons or to increase the number of casual workers or ask part

timers to work full time. In case, the company intends to start recruitments, the first thing would be to decide on the policy of the firm to hire personnel from within the firm or outside source. However, the best policy would be to fill the higher vacancies through internal sources and to use external sources for lower level positions.

2.9 HINDRANCES IN HR PLANNING

There are many barriers in the process of HR Planning. These problems lead to certain ineffectiveness in the formulation and implementation of HR Plans .They are:

1 **Improper alignment between HR Plans and Corporate Strategy-** HR planning is the basis for further activities of HR Management and many organisations fail to link HRP to corporate strategies and objectives. As a result, there are excessive number of employees in the organisation or the right number of employees at the right time are not available to implement the corporate strategies.

2 **Old wine in a new bottle:** Many organizations have renamed their personnel departments to HR department but their attitude is still old- fashioned which aims at maximum utilization of HR rather than optimum utilization or best utilization. The top management does not value HR planning and do not share corporate strategies with HR managers. This rigidity in the attitude of top management creates gaps in the deployment of human resources.

3 **Attitude of HR managers-** Traditional HR managers believe that in developing nations, due to the problem of unemployment, people are easily available when needed but the question is whether these are employable or the right kind of persons required by the organization. Thus, there is always a conflict between qualitative and quantitative approach to HRP. The quality of human resources are not due importance because of the old- fashioned thinking of HR managers as well as top management. In such organizations, they give less weightage to the function of human resource planning.

4 **Changes in business environment –**Business environment is always changing and unstable and hence cannot be exactly predicted. HR planning involves commitment for the future period and it becomes unrealistic and inaccurate at times due to uncertainty in the environment.

5   **Conflict between Short term and long term HR Plans-** There is a conflict between hiring people on ad hoc basis/ temporary basis and adjustment ismade with existing personnel. Sometimes, the conflict is between the pressure to get work done on time and long -term need to prepare people for assuming greater responsibility. Many managers believe that HR needscan be met immediately since skills are available on market as long as wages and salaries are competitive. Hence, managers ignore promoting depending upon short-term needs alone and ignore long- term issues of employee career growth and progress.

6   **Inappropriate HR Information system-** HRIS may not be updated and hence correct, adequate and timely availability of information is not available while formulating HR plans and making projections. Information pertaining to employee skills and competencies, employee productivity, employee turnover rate, volume and area of operations are important for making HR plans.

7   **Non- involvement of line managers-** The responsibility of HR planning is shouldered strictly by the HR department in many organisations.HR planning to be effective needs the integrated efforts of all managers- line managers and HR managers.

8   Resistance of unions and employees – HRP is considered as an exercise to increase the workload of employees without any benefit for the employees. Hence this perception leads to a lot of resistance in its acceptance by employee unions.

2.10   JOB ANALYSIS

2.10.1 Meaning

Job Analysis is a complete and detailed study of the job. It is a procedure by which all the relevant information regarding job is gathered. It is a systematic study with the help of which tasks, duties and responsibilities of a particular job are identified. A detailed job analysis is necessary for effective management of human resources and hence an important function performed by HR managers. Job analysis is a staff function and is conducted by job analysts in the HR department.

It is undertaken when an organisation is established or when new jobs are introduced or when existing jobs need to be redesigned, due to changes inthe environment. In such situation, the jobs demand new knowledge, skill or methods of job performance.

Job analysis involves collecting job related data by observation of the

job and interacting with experts, interviewing persons who perform those jobs, designing questionnaires and eliciting job data from job holders or asking workers to maintain dairies of daily job activities. It also involves reporting those facts to develop or revise job analysis. It is an important step in HR planning process.

Job analysis attempts to collect following information:

- The list of activities to be performed by an employee, its objectives andwhen they need to be performed.
- Tasks involved and expected behaviour.
- Use of machines, tools and equipment.
- Quantity, quality and speed of performance of job to be set as standards for every employee.
- The working conditions, timings and location of the job as well as themotivation needed to perform that job.

Thus, Job analysis involves a study of each job to ascertain what the job includes, what the job holder does, how he does it, under what conditions job is performed and what special qualifications are required by the job holder.

In simple words, job analysis is the description of the complete composition of the job. It covers all the factors related to a specific job. It covers the conditions under which the job is to be performed, the main duties and responsibilities, the number and nature of tasks involved, qualifications and skills required in the performance, other service conditions like working hours, opportunities for advancements, pay, risks involved in the job and its safety requirements, relation of job with other jobs and such other information.

2.10.2 Definitions

- **Flippo** defines Job analysis as, "the process of studying and collecting information relating to the operations and responsibility of a specificjob".
- According to **Dale Yoder,** "It is the process of job study which provided the job analyst with the basic raw data of specific job".
- The **U.S. Department of Labour** defined job analysis as "the process of determining, by observation and study and reporting pertinent information relating to the nature of the specific job. It is the determination of the tasks which comprise the job and of the skills, knowledge, abilities and responsibilities required of the worker of a successful performance and which differentiate one job from all
  - others."

2.10.3 Steps involved in Job Analysis

The main steps in the job analysis procedure can be described as under:

1. **To Collect Background Data about all the activities performed by the organisation and jobs involved:** Some primary and background information can be collected from different internal sources in the organization. Organization charts and job descriptions of other related job can be taken as a base as it gives some primary information regarding the basic nature of the job and the interrelation of the jobs in the organizational hierarchy.

2. **To Select Representative Job to be Analyzed:** All the jobs cannot be considered for analysis purpose at the same time. Due to economic and time constraints, only few jobs are selected for the purpose of job analysis. Generally representative or key jobs are selected for the purpose. At this stage, a particular job is to be selected for analysis.

To Collect Data regarding the representative job selected: Job analysis data can be collected from three sources:

Directly from the employees

From other employees like supervisors and managers

From the professional people who are appointed for the purpose of job analysis. They are known as job analysts.

3. **To Develop Job Description:** On the basis of the collected information, a statement describing the major characteristics of the job is developed which is known as job description. It is a statement containing the details of the job like its title, the place of job performance, working conditions and responsibilities and duties. It states what is to be done, how it is to be done and why it is to be done.It describes the formal and correct contents of the job.

Earnest Dale has provided a list of characteristics of a good job description:

It should mention the type and nature of job as well as scope of the job, highlighting all important relationships.

It should clearly indicate the duties to be performed.

There should be clear description about various aspects of the job like the type of work, degree of complexity and difficulty involved, degree to which job related problems are standardized, specific responsibilities attached to the job as well as type of accountability

Supervisory responsibility should be indicated in precise terms.

It should serve the basic purpose of making a new employee understand the job clearly by reading job description.

Primary contents of job description are as under:

- Job title
- Location
- Job summary
- Supervision given or received
- Duties
- Materials, machines, tools and equipment
- Working conditions
- Hazards
- Training and development facilities
- Chances and channels of promotion

4. **To Develop Job specification:** On the basis of the job description developed in the previous stage, job specification is developed showing the specific qualifications, skills and knowledge required to perform the job. This is called Job Specification.

It is a statement showing the human qualities and qualifications required for the acceptable performance in any specific job. It describes the required skills and knowledge in a worker to make him/her fit and qualified for the job.

Usually job specification statement contains following items:

- Education
- Experience
- Training
- Physical effort and physical skills
- Judgement and initiative
- Communication skills
- Emotional characteristics
- Uncommon sensory requirements such as sight, smell, hearing.

These items of content can be broadly put under four categories as under:

- **Physical Specifications :**

Physical specifications and physical capacities would vary depending upon the requirements of job. It includes characteristics like height, weight, age, vision, hearing, capacity to lift and carry weight, capacity to operate machines and tools, etc.

- **Mental Specifications :**

Mental specifications pertain to mental abilities required to perform job up to satisfactory level. These include judgement ability, ability to forecast and plan, ability to perform arithmetic calculations so as to interpret data, ability to focus, multidimensional thinking, general intelligence, memory, etc.

- **Emotional and Social Specifications:**

These include emotional stability and maturity, flexibility, adaptability in human relationships, personal appearance including dressing, posture, poise and voice as per the need of the job. These specifications are relevant for the job of supervisors, managers, foremen, etc.

- **Behavioural specifications:**

Such specifications are more relevant and important for higher level jobs in the organization. These include capacity and readiness to accept responsibility, self- reliance, dominance, research aptitude, creativity, etc.

Thus Job analysis comprises of 2 parts:

- Job Description
- Job Specification

Job Description	Job specification
A statement containing items such as :	A statement of all human qualifications necessary to do a job. It contains:
Job Title and Code	Education
Location	Experience
Summary of duties	Training
Detailed statement of work Performance like lifting, cleaning, drilling	Skills
Tools and equipment needed	Special aptitude/ expertise
Machines	Initiative
Materials used	Analysis and judgement
Working conditions, physical setting	Responsibility
Authority	Adaptability/ Flexibility
Hazards/ Risks, discomforts	Mental and visual demand
Relation to other jobs	Emotional characteristics

3 **Importance of Job Analysis**

Job analysis data is essential for the organisation in many ways. It is important for:

1. Organizational Planning, Determining Task structure and Human Resource Planning:

Job analysis helps involves collecting background information about

the tasks and activities in an organisation. Based on this data, organizational structure can be determining and number of jobs can be created by grouping similar tasks into a group called job. It also describes the knowledge and skills needed to perform a job, which can be taken as a base for predicting manpower requirements. It shows the relation of a job with other jobs which helps in designing promotion and transfer policies of an organisation.

2. Recruitment, Selection, Promotion, Transfer Decisions:

Job analysis provides data on the nature of jobs, complexities and risks involved as well as position of the job in the organisation structure. It also states the necessary skills and qualifications for performing the job. This data serves as a base for recruiting and selecting the employees. Moreover, the criteria for promotion and transfer can be determined based on the data provided by job analysis.

3. Determining basic compensation based on job evaluation:

Job analysis clearly states the complexities involved in the performance of the job. Moreover, it describes the required qualifications and skills to perform the job on the basis of which the worth of the job can be determined. This provides the base for conducting job evaluation and determining the relative value of a job in the organisation as well as determining wage and salary to be paid to the employees.

4. Placement and Orientation:

An effective job analysis document is helpful to assign the right job to a person. It helps in appropriate matching of a person to the job. Due to job description, the requirements of the job are clear and job specification enumerates the qualities and qualifications the job holder needs to possess to be able to perform the job. Thus an appropriate match can feasible. Also, the information about the job can be shared with new employees so that they become aware of the roles they need to perform on assuming their jobs.

5. Determining Training and Development needs:

Job analysis helps to identify areas for conducting training programmes that need to be organised to enable employees to perform their present jobs effectively in an organisation. It provides input for the skills and competencies that need to be developed keeping the future needs of the organisation On the basis of this information, training and development programs in an organization are developed.

6. Supports Performance Appraisals:

Job analysis data helps to compare the jobs performed against the

standards provided as per job analysis data. It also helps to identify the traits and qualifications that job holders possess which enables them to perform well on their respective jobs in the organization. Thus, an organisation can design a good composition of qualitative aspects and quantitative aspects of job performance and measure it during appraisals.

7. Health and Safety Measures :

Job analysis helps to identify jobs that are risky and accident- prone and/or operations that involve risk to the health of the one involved in the job... This provides data for ensuring that adequate health and safety measures are provided for people performing such jobs and there is close supervision of such jobs to ensure discipline in action.

8. Job simplification and Redesigning :

With the help of job analysis data, it becomes easily evident if any operations are unnecessary and need to be discontinued. This becomes the input for redesigning such jobs to make them simple or lean. It also helps in bringing a good integration between the jobs and the persons performing the job.

9. Employee Counselling

Due to job analysis data, HR managers can guide employees on career planning and supporting them with opportunities and programmes to acquire skills needed to move ahead on the career graph. The employees themselves can envision the type of jobs that interest them in the career map and the qualities they would need to acquire to be competent enough to perform those which they aspire to perform.

❖ **CONCLUSION**

Over the past few years, organisation structures are changing to flatter and boundary-less organizations and cross- functional teams are created for effective functioning. Many technological changes also have taken place leading to changes in the type of jobs, their requirements, qualifications and skills for performing those jobs. They are no longer standardised and routine. The employees also prefer non- routine and challenging jobs. They expect autonomy in decision- making pertaining to their jobs. Hence, the need for performing job analysis which provides clear set of responsibilities is difficult and debatable too.

Key Words: Human Resource Planning, Skill Inventorying, Replacement chart, staffing table, Job analysis, job description, job specification, trend analysis, workload analysis, workforce analysis.

❖ **SUMMARY**

Human Resource Planning is an important aspect of the procurement function. Although many organizations disregard its importance, it plays a key role in reducing HR costs and procuring the right persons

for the organization. Job analysis which is a part of human resource planning provides inputs on the job content and job specification by providing information about job holders ensures that acquisition of human resource proves beneficial in the fulfilment of organisational goals.

❖ CHECK YOUR PROGRESS
Multiple Choice Questions (M.C.Q)

1 The function that pertains to forecasting future demand and supply of humanresources is ___.
   a. Human Resource Planning
   b. Decision making
   c. Recruitment and Selection
   d. Training and Development

2 The following are the objectives of Human resource planning except _____.
   a. Reducing HR costs
   b. Administrative planning
   c. Determining training needs
   d. Changing attitude of top management

3 Which of the following are the types of HR plans _____.
   a. Short- term and long – term
   b. Department level and organization level
   c. a and b both
   d. Neither a nor b

4 Which one of the following is not a characteristic of Human ResourcePlanning?
   a. It is part of organizational plan
   b. It is based on time horizon
   c. It is futuristic and goal oriented
   d. It is done only when a new organization is set up.

5 Human Resource planning is significant for _____.
   a. Placing right person in the right place in the right number at the righttime
   b. Providing trained and skilled workforce
   c. Coping up with expansion and diversification strategies
   d. All of the above
   e. Only a and b
   f. None of the above

6 Which of the following order of human resource planning is correct?
i. Forecasting the future requirements for manpower
ii. Job analysis
iii. Determining objectives of Human Resource Planning
iv. Auditing the human resources
v. Developing the HR plan
a. i,ii,iii,iv,v
b. iii,i,iv,ii,v
c. iii,i,ii,iv,v
d. iv,ii,i,iii,v
e. ii,i,iii,iv,v

7 A detailed study of the job is called _____.
a. Job description
b. Job Specification
c. Job analysis
d. None of the above

8 Which of the following are the contents of job description?
a. Operations involved in the job
b. Relation of job with other jobs
c. Risks involved in the job
d. Location and Timings of the job
e. All of the above
f. a, b and c

9 While job description describes the job, job specification describes the _____
a. Roles
b. Authority
c. Job holder
d. Job complexities

10 Job analysis helps in _____
a. Making recruitment and selection decisions
b. Determining health and safety measures and development
c. Performance appraisal
d. All of the above
e. Only a and c

11 The problems in human resource planning are the following except __
a. Improper linkage between corporate strategy and HR planning
b. Attitude of top management
c. Ethical issues in HR planning
d. Poor perception of the importance of HR planning
e. None of the above

Answer in One Sentence:

1   Define the term HR Planning.
2   Define Job Analysis.
3   What is Skill Inventorying?
4   What are the components of job analysis?
5   Enlist the sources to collect job analysis data
6   What is the primary purpose of HR planning?
7   Explain the term Job specification.
8   What is Job description?
9   What are short-term and long-term HR plans?

Explain in brief/ Write Short Notes on:

1   Objectives of HR planning
2   Barriers in HR planning
3   Types of HR plans
4   Significance of HR planning
5   Factors affecting HR planning
6   Importance of job analysis
7   Job Description
8   Job specification

Discussion Questions

1   Describe the nature of HR planning and discuss the process of HR planning.
2   What is Human resource planning? Analyze the definitions of HRP and justify the statement "HR planning is moving from current manpower position to desired manpower position".
3   Discuss the challenges posed before the HR department in the HR planning process.
4   HR planning is a key function in any organization but yet considered insignificant- Discuss the reasons and how would you highlight itsimportance to any organsiation.
5   The HR planning process is complex but necessary. Explain the process in light of the difficulties faced in the HR planning process.
6   Discuss the various types of HR plans and discuss its objectives.
7   What are the essential components of job description? Discuss in detail.
8   Job analysis is a prerequisite to HR planning function- Do you agree?Justify your answer.
9   Discuss the importance of job analysis in today's organizations.

Assignment:

- Let each student select an organization for the study. Collect the job descriptions of those organizations. Compare and discuss the various job descriptions brought in by different students to understand industry- wise differences in types of jobs and job content.

- Make a plan to start a business organization indicating exact nature of business. Perform a job analysis for the new organization and also create an organizational chart with the planned job data.

| UNIT : 03 | RECRUITMENT AND SELECTION |

3.1 Introduction

3.2 Definition and Concept of Recruitment

3.3 Significance/Importance of Recruitment

3.4 Features of Recruitment Policy

3.5 Types of Recruitment

3.5.1 Direct Recruitment

3.5.2 Indirect Recruitment

3.6 Sources of Recruitment

3.6.1 Internal Source

3.6.2 External Sources

3.7 Process of Recruitment

3.8 Meaning and Definition

3.9 Significance/Importance/Advantages of Selection

3.10 Process of Selection and its Stets

3.11 Difference between Recruitment and Selection

❖ CHECK YOUR PROGRESS

After reading this unit you would be able to:

- Understand the meaning and concept of recruitment and selection
- Understand the significance of recruitment
- Understand the recruitment policy
- Understand the process of recruitment
- Understand the sources of recruitment
- Understand the advantages and disadvantages of sources of recruitment
- Understand the significance of selection
- Understand the advantages of selection
- Understand the process of selection
- Understand the difference between recruitment and selection

3.1 INTRODUCTION

This unit deals with all significant information about recruitment and selection process in the organization. Recruitment and selection are major functions of Human resource management. Recruitment and selection are main components of staffing.

Recruitment is the initial step of Human Resource Management. Recruitment and selection is the process to attract and invite large number human resources in organizations. Recruitment is a continuous activity because new and innovative types of skilled personnel are needed for the development of any enterprise. Selection is an art to discover the right person for the right place. This is the basic principle of recruitment and selection.

At present, in many organizations, the whole recruitment and selection procedure done on the digital platform. Many types of professional networking sites are available for the employer and employees. i.e. LinkedIn, Meetup, Udyomitra, Angel list. So, in the age of digital, the form of recruitment process totally changed. This is essential for fighting against the unprecedented pandemic crisis. We also know there are many advantages and disadvantages in the virtual hiring process. But it is essential to fulfill the contemporary demand.

A.RECRUTMENT

3.2 DEFINITION AND CONCEPT OF RECRUITMENT

Recruitment is an activity of finding prospecting jobseeker and to obtain and develop them in the organization for a long period. The recruitment's definition is given by many esteemed authors as follow:

- **Edwin B. Flippo** defined, "Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization."
- **William B. Werther and Keith Davis** also defined, "Recruitment is a discovering of potential applicants for actual anticipated organizational vacancies or from another perspective, it can be looked at the linking activity bringing together those with jobs and seeking jobs".
- **From the many author's definitions,** recruitment means identifying and to attract qualified people for fulfilling the vacancy in the organization. The definition of recruitment includes the entire process from hiring to the integration of the candidate into an organization. The meaning of recruitment in

layman's language is, "to collect right people for the right work at the right place".

3.3 SIGNIFICANCE/IMPORTANCE OF RECRUITMENT

When we talk about significance of recruitment in the organization, a question arises that why recruitment is essential? Any organization depends on its main four pillars. i.e. man, machine, material, method. From these 4 pillars, only man is an active organism in the organization. These pillar co-ordinates with each other in a good and worst situation.

The main objective of recruitment is to attract more people for the vacancies, receive more applications, get a wide range for the selection, to search the best individual from them and also obtain them for a longer period. The organization also builds a good and friendly work atmosphere. It also increases the efficiency of the employees. In the end, it is converted into the result i.e. overall growth of the organization. Organizations also want to establish professional relations between the employer and employees.

Recruitment is an ongoing process because a personnel is left the organization for many reasons.
i.e. Seniority, for better prospect, illness etc. On the other side, the organization accepts the changes according to the competitive age than, they required new and innovative skillful employees. As an example, in a mall, it is essential to reduce the cash collection staff due to digital payment services, while on the other side increased the demand for delivery boys due to an increase in the order of online shopping. So, demand and supply is changing according to the environment.

Recruitment's objective is to attract more people at a low cost. Organization also wants to reduce the turnover ratio because it directly affects the worth of the organization. It also builds a good relationship with the employees. It means, organizations' social image also becomes good. It also determines the current and future requirements of the workforce. It also increase the success rate of the selection in the organization. In the end, any organization's success depends upon the Human resources efficiency.

3.4 FEATURES OF RECRUITMENT POLICY

The good recruitment policy is saving the time of Employer and Candidates. A good recruitment policy also avoids the non-essential things in the process of recruitment. i.e., unproductive tests, various rounds of interviews, etc. that is why it is working in a smooth way. The recruitment policy must be absolute in terms of the language. The well-prepared recruitment policy will become the guide for the recruiter. The success of any organization is based on the efficiency and caliber of the employees. There are some significant features of absolute and classic recruitment policy.

- ✓ The recruitment policy must be fair and flexible for all the candidates.
- ✓ The recruitment policy must also consider the fresh candidates. The employer would also give the chance of the young candidates for their development based on the goal congruence concept.
- ✓ In the recruitment policy, the new posts would be recognized by a higher official.
- ✓ Specific higher posts would be filled up through internal promotions.
- ✓ All vacant seat selection would be driving through a key place of the organization.
- ✓ The entire process of the recruitment would be based on the merit list of the candidates.
- ✓ In the recruitment process, all candidates must be well aware of their work profile beforeapplying to the organization.
- ✓ The recruiter would be considered the applicant's educational qualification, experience,previous salaries, etc. for the vacant posts.
- ✓ The recruiter should select the applicant according to the needed profile matched with theinterest of the applicants.
- ✓ The recruitment policy must be to consider the whole recruitment process based on thedigital platform in the age of digital.
- ✓ The recruiter must offer the facility of work from home during the pandemic crisis.

3.5 TYPES OF RECRUITMENT

There are mainly two methods of recruitment (1) Direct Recruitment (2) Indirect Recruitment

3.5.1 Direct Recruitment :

In this method the management themselves recruits the employees as per their requirement regardless of the recruitment method, the help of other organization is not sought by inviting applications or in any other way. Large units have a separate personnel department. The personnel department is entrusted with the talk of recruiting employees. Such a method is prevalent is industrialized countries.

3.5.2 Indirect Recruitment :

In this method, the task of recruiting employees is assigned to another person or organization. Management is relieved of this responsibility and focuses on others. Generally this task is assigned to an organization like employment exchange.

The recruitment method is indirect or direct, depends on who makes the final decision on the selection of employees. Sometimes if only the application is called through the employment exchange, it cannot be called recruitment though indirect method.

3.6 SOURCES OF RECRUITMENT

Recruitment is a very critical task for any type of organization. Recruitment is a very time- consuming and expensive function of human resource management. But it is pivotal for the development of the skilled workforce team and also for the developing organization. Here, we understand why the source of recruitment is important for the organization because organization recruits appropriate candidates for their work. That is why organization also focus on the approaches of the recruitment. Several sources of recruitment can be classified into two sources of recruitment.

I.   Internal source
II. External source

Most of the organizations recruit candidates through both types of recruitment. Every organization also follows their own recruitment policy. The organization also depends on which types of candidate are required in their unit.

3.6.1 Internal source:

Internal source of recruitment means organizations hire candidates from their existing staff by promotion, transfer, etc. The organization is also open for promoting their existing candidate in the higher position. This approach is also improving the morale of the employees to work hard to catch the higher position in the

organization. Generally, most of the company follows the internal source of recruitment for the higher post like, Director, Chief executive officer because the organisation is aware of the candidates potential, working style, behaviour. Internal source is known as re-hiring. The main approaches to internal recruitment are as under:

1. Promotion

This is a very useful and successful approach for recruitment. The organization will identify the existing employee's skill, experience, temperament, interests, career goal etc. If the existing employee is suitable for the requirement, organisation offers promotion to the candidate.

2. Transfer

This approach is very useful for migrant workers. If the organisation establishes any new project in rural place, then, they would not find the new candidate. If an existing employee's hometown is there than, the company transfers those types of employees in that place. The organization can also transfer experienced employees anywhere. So, organisation have many options available for the transfer.

3. Retired Employees

The organization offers jobs to its retired employees. Under their guidance the new project will established. If the retired employee accepts the offer than the employee also can be a small partner of the new venture. This approach is best for the organization and for the retired employees. This is the best example of utilising the experienced and versatile knowledge of senior employees.

4. Employees Referrals

This source is useful and important in the contact of cost.

Employee referrals also create enthusiasm and engorgement in the current employees. Any candidate appointed though this approach, he/she will work in the best manner so the organisation will recognise the person who referred the candidate. Existing employees feel that their decision considered by the organisation.

5. Former Employees

This is also a good source of internal recruitment. Most of the employees left organisation and join other for the better prospects. If they got the best opportunities in their known organization, they feel great to re-join and perform the best.

- **Advantages of Internal Recruitment**
  - Internal Recruitment saving time and also economical.
  - There is no need for any type of employment test and orientation program for therecruited employee.
  - This type of recruitment also increases the morale of the existing employee and alsoprovides a motivation for hard work.
  - This approach also decreases the turn over ration in the manpower. It provides security and happy environment among the employees.
  - No need for advertisement and other types of expenses.

- **Disadvantages of Internal Recruitment**
  - Sometimes, the existing staff has no experience in working of higher position.
  - We as an organisation cannot build new contact and relationship, latest skilled force. It isnot advisable to recruit all the staff through the internal source.
  - In the competitive ear, for the development of any organisation, fresh look is essential.There is a less scope here.
  - The organization also depends on the outside source for the primary level work.
  - Many times conflicts arise among the employees. It's directly effects on the efficiency oftheir working manner.

3.6.2   External Sources:

This source is also useful in the enterprise. This source also requires time for the hiring process. Also require expert's team to recruit highly qualified individual in the higher position. Under thisrecruitment style, there are following sources.

1. Advertising
This is the most popular and former type of recruitment source. Advertisement in the employment newspaper, regular newspaper, professional networking sites, mouth to mouth advertisement etc. is covered. In the advertisement includes detail information about vacancies like, educational qualification, experience, age, HR mail-id, etc. This advertiser's main aim is to raise awareness and attract more and more prospective individuals and apply for the same so that the organization can have a wider scope for the selection of the candidates.

2. Educational Institutions and University's Employment Bureau
The organization's HR staff will visit the educational institute and collect the details of the prospective students with the consent of the institute. Then the arrangement of campus interviews and shortlisting

the students for the further process of the recruitment will start. Educational institutes provide young and enthusiastic candidates. Students can register in university's employment bureau. The Employment bureau also arranges the mega job fair in a different locations.

3. Recruitment Agency

The main function of recruitment agency is to collect the details of prospective job seekers from various fields according to the candidate's skill and qualifications. To share the detail about the recruitment with the candidates like, job Description and job specification. The services of recruitment agencies can be paid or unpaid.

4. Unsolicited Applications

When the organization share or publish the details of the vacancies, many candidates apply for the same, the organization receives a large number of applications in the mail or in the hard copies. Organisation selects the candidate from the applications received and rest of the applications can be useful for future need/vacancies.

There are many types of external sources of recruitment i.e. Leasing, Labour contractors, Employment Exchange, Outsourcing, and field trips.

- **Advantages of External Recruitment**
  - Fresh talented and dynamic candidates appoints through this recruitment.
  - Highly qualified and experienced candidates may change the working environment of theorganization.
  - In the external source of the recruitment, the recruiter chooses from a wide range of thejobseeker available in the market.
  - New candidates can be selected according to the new terms and conditions of theorganization.

- **Disadvantages of External Recruitment**
  - This source of recruitment reduces the morale of existing employees.
  - Sometimes a newly recruited/ outsider cannot adjust in the organization and disturb theoverall environment of the organization.
  - It creates a sense of insecurity in the employees.
  - Outsiders also require proper training, this source is expensive and also time-consuming

3.7 PROCESS OF RECRUITMENT

There are following steps of the recruitment process.

1. Form Selection Committee

To form an absolute selection team is the first step of the procedure of recruitment. As 360 degree analysis is essential to choose any candidate for the organization, it is necessary to have all departmental experts' representatives in the selection team.

2. Review Position Description

After preparing the selection team, the executive level staff prepare job description and job specification for particular job/post like, educational qualification, experience, communication skill, etc. selection team will review the description of every job position.

3. Advertise

The selection committee will look into the number of vacancies in every department and study the requirement of the manpower. Then, after the organization's staff will decide how to publish an advertisement for the same. There are many types of sources of recruitment.

4. Receive Application Forms

All applications are invited from the interested applicants. These applications receive through public advertisement on professional networking sites, weekly employment newspapers, colleges, educational Institutes and labour unions. The organization will receive the application as per prescribed format.

5. Analysis of Application Forms

The last date of the application submission will be mentioned in the advertisement. After receiving the application forms from various courses, they analyse in detail. Some applications may not match with the requirements of the mentioned post or incomplete applications. Such applications will be rejected. Suitable and applications will be contacted for further process of recruitment.

6. Conducting Vocational test

The organization conducts various tests according to the job work. There are many types of employment tests that are conducted like, Intelligence test, Personality test, Aptitude test. For example, if an organisation needs a marketing personnel, they will check candidate's communication skills, Influencing and negotiation skill, interpersonal skill. This test is very useful for the enterprise for SWOT analysis of the candidate. In the modern recruitment process, many the recruiters

send the employment test link to the candidate and candidate can appear test on their comfortable time with the use of gazettes.

7. Interview

After successfully clearing the employment test, candidates will be invited for the personal interview. The interview is conducted in a friendly manner. Interview helps both the beneficial parties. Interviewer can check the candidate's capacity and the candidate also presents their skills. The interviewer also asks the question related to the family, hobby, interests, and future goals. This face to face and two way communication is very important to judge and analyse the calibre of candidate.

8. Selection by the Superior Staff

After Interview, the selected candidate is referred by the superior staff for the final selection. The officer analyses the candidates on their predefined parameters. If the candidate's skill is perfectly matched with the required skill; then, the superior staff give approval for the further procedure of the recruitment.

9. Medical Examination

Through the medical examination, the recruiter checks the physical and mental capacity of the candidate. Medical examination is conducted by the board of doctors or reliable doctors. After medical test, the doctor issue fitness certificate mentioning that the person is fit for the said work or not. Appointment is depends upon candidates fitness certificate. Unfit candidates are not selected by the organization.

10. Issue of Appointment Letters

After medical test, a fit candidate will get an appointment letter issued by the organization. The Appointment letter will be issued to the candidate mentioning all the necessary information; i.e. job profile, job location, pay scale, package, probation period, date of joining etc. with the signature of the authority and symbol of the organization.

Summary

This is the entire process of recruitment in detail but there are many types of internal and external factors affecting the recruitment process; like, pandemic crisis, socio and economic factors, reservation system, supply and demand of the labour, etc.

B. SELECTION

3.8 MEANING AND DEFINITION

Selection is the process of picking most qualified individuals from the pool of applicants who applied in response of recruitment. In simple term Selection is a process of choosing right candidate at the right time for the right job or we can say it is a process of making "Hire" or "No hire" decision regarding applicants for the job.

According to **O. Donnell** "Selection is the process of choosing from among the candidates, from within the organization or from the outside, the most suitable person for the current position or for the future position."**-**

3.9 SIGNIFICANCE/IMPORTANCE/ADVANTAGES OF SELECTION

Selection is most crucial decision and thus it must be taken with all care by the organization. Main purpose of the selection is to pick up the most suitable candidate who would meet the requirements of job effectively. In case of selection of unsuitable person obvious result will be labour absenteeism and high turnover, wastage of time, energy and money spent in hiring and training. Unsuitable candidate ultimately erodes efficiency of the organization. Success of an organization depends greatly on the excellence of its managers and executives and thus selection of executives or people working at higher level must be performed with precautions.

Single errors in selection may prove very costly in future. Proper selection is essential to building up a suitable workforce. Selection of right people on right time for right job increases their productivity and efficiency. Each step in the selection procedure should be performed in such a manner that provides precise information about the candidate. Such information facilitates decision regarding selection.

3.10 PROCESS OF SELECTION AND ITS STETS

Process of selection comprises series of steps to be performed. Following diagram attempts to show a generalized selection process. In real life the process differs as nature of organization and post differs.

| Prospective candidate: |
| Preliminary Interviews and application form: |
| Review of shortlisted |
| Employment |
| Selection Decision |
| Pre-employment screening and Reference Check: |
| Pre-employment Medical Examination |
| Offer Letter: |
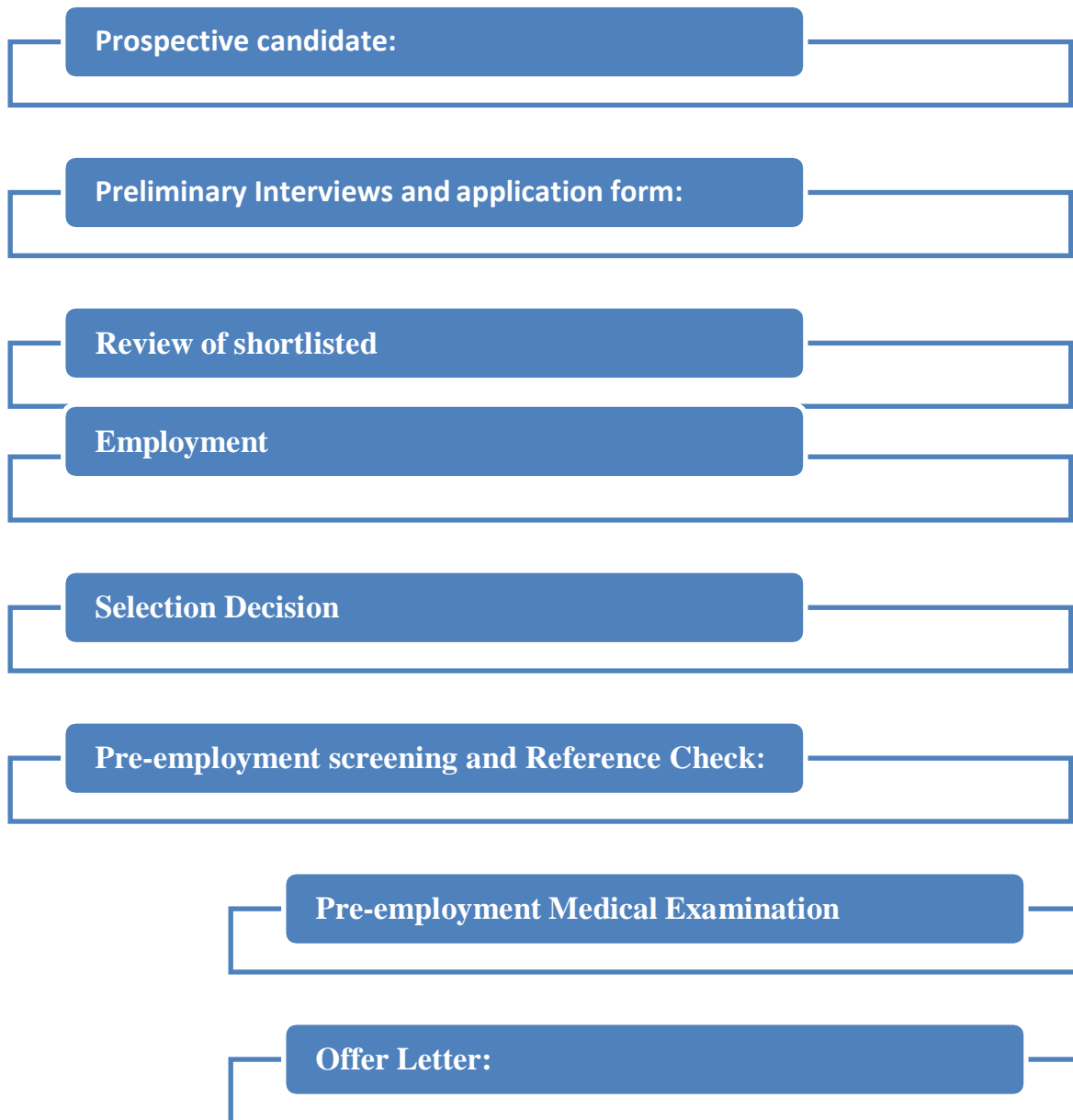
1. Prospective candidate:

Creating pool of qualified candidate from multiple sources results in generation of lots of resumes. From these resumes screening and short listing is performed which is quite difficult.

2. Preliminary Interviews and application form:

Preliminary interviews are useful to eliminate unqualified applicants at initial level. Such interviews are conducted for short duration to check whether the applicant meets mentioned qualification or not. Those who do not possess minimum qualification will not receive appointment for next level interview.

An employee application form is pre-designed format which is used to seek information from the applicants. Different types of application forms are used by different organizations and for different jobs.

Application blank provides information regarding:

(a) Name, date of birth, sex, marital status, nationality of the candidate,

(b) Educational qualifications,

(c) Job experience, and

(d) References, etc.

It is advisable to keep it brief.

3. Review of shortlisted applications:

From the application form applicants can be short listed according to the need of vacant post in the organization. These shortlisted applicants proceed to the next level of selection process where various selection tools are used to reach the final selection decision. Short listing also depends on number of people who need to be put in selection process.

4. Employment Interview:

The Successful candidate of employment tests are called for interview. The basic purpose of interview is to find out of whether the candidate is suitable for a particular job or not. Face to face interview is the most essential to make decision about personality, ability, capability and the temperament of the candidates.

5. Selection Decision:

It is the responsibility of all persons involved in selection process to make final hiring decision. On the basis of performance of applicants in test and interview selection decisions are made.

6. Pre-employment screening and Reference Check:

Background or reference check depends on the nature of job for which candidates are to be selected. The applicant's previous employer may provide information about applicants to recruiter. This can be performed via email or telephone. Moreover employer can go for reference check from the resume of the applicants in which name of reference is provided by him.

7. Pre-employment Medical Examination:

Physical/ medical examination of applicant is essential to carried out to determine his physical fitness for the job. Medical checkup serves three objectives.

1. It helps to ensure the applicant's physical capability to meet the job requirement.

2. Secondly, it helps to prevent communicable diseases entering the organization.

3. Thirdly, it protects the organization against unwarranted claims under the Workmen's Compensation

8. Offer Letter:

Once the candidate has cleared all above stages successfully, an offer letter is issued to them. In offer letter terms and conditions must be specified clearly and concisely. Once candidate sign the offer letter, it is presumed that they are committed to join the company.

[Source: Sharon Pande and Swapnalekha Basak, Human resource Management, Text and Cases, Pearson, ISBN 978-81-317-6121-2]

Many companies prefer to take selection tests to help selection decision. Such companies may use following types of tests which are quite popular.

1. Ability Test:

Abilities may ranges from verbal qualities, communication skills, and cognitive abilities in area such as math. Skills in such area are checked during conduction of ability test. Work sample test can also be used by employer to get idea about how well candidate can perform in actual job.

2. Personality Test:

Such tests are used to get idea about applicant's traits. Personality tests were popular during period of 1940s to 1950s but in current scenario they are not as popular.

3. Psychological Test:

Tradition method of conducting psychological tests are pencil-and-paper but today there are broader range of psychological tests available to get judgment about work ethics and motivation level preserved by the applicants. Such tests are high in expense.

4. Honesty Test:

Polygraph test is one of the tools to identify whether the candidate is telling truth or not. However honesty tests are controversial.

3.11 DIFFERENCE BETWEEN RECRUITMENT AND SELECTION

Base of Comparison	Recruitment	Selection
Meaning	1. Recruitment is a process of searching potential candidates for employment.	1. Selection involves the series of steps by which candidates are hired for vacant post.
Purpose	2. The basic purpose of recruitment is to create a pool of talented candidate.	2. The purpose of selection process is to choose right candidate for the right post.
Contractual Relationship	3. Process of contract is not established in the phase of recruitment.	Process of contract is established at the phase of selection.
Key Activities	4. It involves activities like a. Analyzing job requirements b. Advertising vacancy c. Attracting candidates d. Managing response e. Scrutinizing applications f. Shortlist candidates	4. It involves activities like a. Calling Right candidate b. Conducting exams c. Interviews d. Reference check e. Medical test
Process	5. The recruitment policy specifies objective of recruitment, rules and regulations to apply for the post	5. The selection consists of the method by which evaluation of the candidate is done.
Key factor	6. Recruitment involves adverting of the job	6. Selection process emphasizes on final appointment of the applicants.
Approach	7. Recruitment is a positive approach that encourages jobseeker to apply for the post	7. Selection is a negative process as it involves rejection of unfit candidate.

❖ **CHECK YOUR PROGRESS**

Q-1 Answer in Detail:

1. What is recruitment? How it is important in the organization?
2. What do you mean by recruitment? Explain the feature of recruitment policy.
3. Give detail about recruitment and source of recruitment.
4. What is selection? How it is important in the organization?
5. What do you mean by selection? Explain the process of selection and its steps in detail.
6. Give difference between the recruitment and selection.

Q-2 Answer in Brief:

1. Is recruitment important for organization? How?
2. What is external source of recruitment?
3. What is internal source of recruitment?
4. Feature of recruitment policy.
5. How selection process is important?

Q-3 Short notes:

1. Meaning of recruitment
2. Define selection process
3. Indirect recruitment
4. Direct recruitment
5. Importance of recruitment
6. Direct and indirect recruitment
7. Internal source of recruitment
8. External source of recruitment
9. Definition and meaning of selection
10. Steps of Selection Process
11. Importance of Selection

EMPLOYEE COMPENSATION

4.1   **Meaning and Concept of Compensation**

4.2   **Definition of Compensation**

4.3   **Objectives of Compensation**

4.4   **Factors Influencing Employee Compensation**

4.5 **Components of Employee Compensation**

4.6 **Importance of Employee Compensation**

4.7 **Types of Employee Compensation**

❖ **CHECK YOUR PROGRESS**

4.1 MEANING AND CONCEPT OF COMPENSATION

Whether an animal or a human, we all want something. We do everything for something. We do job or business so that we can earn money. We pray to God so that our wishes are fulfilled. We go to colleges to earn a degree. So, basically, compensation is nothing but any reward that we receive in exchange of any activity we do.

But, when we discuss compensation with reference to Human Resource Management (HRM), we implicitly (indirectly) refer to salary compensation. Of course, while the main element of the salary compensation is money, there are rewards that not monetary like praise or benefits like housing facilities provided to the employees.

Generally, compensation is one of the most important factors when a candidate chooses to report to a job or not to report to a job.

4.2   DEFINITION OF COMPENSATION

There are many definitions of compensation but let us take a few important ones.

In his book *Human Resource Management*, **Gary Dessler** defines compensation as "all forms of pay going to employees and arising from their employment."

"The money received by an employee from an employer as salary or wages." **–Oxford English Dictionary.**

Dale Yoder, "Compensation is paying people for work."

Bonham, "Compensation is the value of work of the employees

according to theagreement between employer and employee".

Thus, we can say, that, overall, compensation is a reward that employees receive from the employers, in exchange of the work they do. It may be in both the forms — monetary/financial as well as non-monetary/non-financial.

4.3 OBJECTIVES OF COMPENSATION

1. **Focus:** When employees are paid well, they focus on work. Their performance improves. Good salary encourages employees to give their best performance.

2. **Attract:** Quality does not come for free. The same is applicable to employees. You will only get good and talented employees, if you pay well. It is very difficult to attract quality employees even during the recession. And companies that pay well will definitely be able to attract the talented employees.

3. **Retain:** If you pay well, not only you will be able to attract talented employeesbut also able to keep them with you for a long period of time. Retaining talented employees is more difficult than attracting them! It is because your competitors always want to poach your talented employees. By paying well, you can make sure that your talented employees continue to be loyal to you for a long time.

4. **Motivate:** To motivate is nothing but to encourage someone. Good salary naturally encourages employee to work more for the organization. It is one of the best motivators.

5. **Comply with Labour Laws:** There are labour laws and legislations, which require employers to pay employees properly like The Minimum Wages Act or The Workmen's Compensation Act. By paying properly, an employer can avoid future court cases.

6. **Reputation:** A well-paying employer's reputation also increases. The employees view such employers positively. Asian Paints increased the salary of staff during Covid19 crisis to increase the confidence of the staff, while most of the other companies deducted the salary. Thus, Asian Paints earned a very good name for itself in the eyes of current and future employees.

4.4 FACTORS INFLUENCING EMPLOYEE COMPENSATION

1. **Ability to Pay:** An employer will be able to pay only and only if he has some profits! The financial condition of the employer matters a lot. So, the firstfactor that will affect the salary paid by a company will be its own financial condition. That is why the start-ups are not very good pay masters and they generally offer good working culture, freedom and other benefits rather than

paying more.

2. **Demand and Supply of Employees (Labour Market Conditions):** If demand of employees with certain skills are more, and such employees are not easily available, the employers will have to pay more to attract the employees with such skill sets. For example, right now, software programmers with skills in Artificial Intelligence (AI), cloud computing etc. are in high demand, and they get paid more compared to someone who does not have those skills.

3. **Labour Laws:** Labour laws governing the wages and salaries also affect the amount of salary paid to the employees. For example, The Minimum Wages Act stipulate that, certain industries must pay a minimum level of wage to the employees. The employer cannot pay less than that under any circumstances.

4. **Condition of the Economy:** When the economy is booming or GDP growth rate is high, the demand for employees rises. That leads to better salary levels compared to recession. During the recession, the opposite effect takes place and the salary level goes down. For example, the demand for employees went down in banking and finance sectors after 2008 sub-prime crisis. The same way, millions of people lost jobs during the recession of 1920s in USA. The salary level in years after that saw a decline in salary levels.

5. **Cost of Living:** The cost of living is different in different cities. For example, rent of a 2 BHK flat in a posh area of Bengaluru may be far more than a small city like Udaipur. So, a company, offering the same job to two people in Bengaluru and Udaipur, will offer different salary to both, for the same work. It will naturally pay more to the person, who is to be posted at Bengaluru as the cost of living of Bengaluru would be more than that of Udaipur.

4.5 COMPONENTS OF EMPLOYEE COMPENSATION

No	Name of Component	Remarks / Description
1	Basic Pay	40 to 50% of total pay
2	House Rent Allowance (HRA)	Upto 30% of the basic, depending upon the size of the city

3	Medical Allowance	Fixed sum based on the policy of the employer. For example, Government of Gujarat pays Rs. 300 towards the Medical Allowance
4	Employee Provident Fund	This is a benefit scheme for employees wherein equal contributions are made by both the employer and employee every month. A minimum of 12% from an employee's basic salary (+ Dearness Allowance) is deducted and deposited in the Employee Provident Fund. However, for employees coming afresh under the EPFO ambit, the employer will not be obligated to make any contribution. Instead, it will be the government making the same contribution at 12% for the first three years. All contributions are maintained by the EPFO (Employees' Provident Fund Organization).
4	Gratuity	Gratuity is received by the employee when he/she works for five years or more (continuous service, as defined under The Payment of Gratuity Act, 1972). The gratuity amount depends upon the tenure of service and last drawn salary. It is calculated according to this formula: Last drawn salary (basic salary plus dearness allowance) X number of completed years of service X 15/26. According to this formula, the time period of over six months or more is considered as one year.

| | | This means if you have completed five years and seven months of service, the number of years would be considered as six years for calculation of gratuity benefit.

On the other hand, if the service period is five years and five months, for gratuity calculation it will be considered fiveyears.

Rs. 20 lakh can be paid as the maximum sum under the title of Gratuity. |
|---|---|---|
| 5 | Leave Travel Allowance(LTA) | It is for holiday travel within India. An employee can claim tax benefits for the fare expenses paid for his/her family; when they take a holiday, subject tocertain restrictions. |
| 6 | Dearness Allowance (DA) | It is paid as the fluctuations in the cost of living. It is generally revised every six months and is linked to Consumer Price Index (CPI) |
| 7 | Annual Bonus | The bonus component of the industrial compensation system, though a quite old one, had assumed a statutory status only with the enactment of the Payment of Bonus Act, 1965. The Act is applicable to factories and other establishments employing 20 or more employees. |

8	Conveyance Allowance	Conveyance allowance is one of the compulsory employee benefits provided for meeting an expenditure incurred by an employee (especially government employee) for commuting from home to office and office to home. In order to claim conveyance allowance by an employee, he or she should reside and work in towns only.

4.6 IMPORTANCE OF EMPLOYEE COMPENSATION

1. **Job Satisfaction:** Good salary will naturally lead to better job satisfaction. And satisfied employees are definitely an asset to the organization, while dissatisfied employees are a liability.

2. **Increased Productivity:** Good salary will make employees more efficient, effective and productive. They will do better job when they are paid well. It will contribute to the profitability of the company.

3. **Better Employer Branding:** Good paymasters' are respected by not only the existing employees, but the future potential employees, society and even other publics like various watch dogs.

4. **Availability of Quality Staff:** Quality comes with cost. If a company wants quality employees, it will have to pay more. A company / employer cannot expect the best talent by offering average salaries. Quality staff will lead to better service to customer, which should lead to more profitability. For example, Costco, a competitor of Wal-Mart in USA, pays an hourly wages of $20.89 an hour, while Wal-Mart pays $11.89 an hour. Costco's sales per worker are twice as high as Wal-Mart's.

5. **Helps in Implementing Strategy:** One can make employees behave in desired manner by paying accordingly, which can help company achieve its strategy. For example, if a company's strategy is innovation (differentiation), the company can set the variable pay in such a way, that those employees, who display innovativeness in their work, would be paid more. And those, who work conventionally, will be paid less. So, this will push each employee will try to innovate something in his/her work.

4.7 TYPES OF EMPLOYEE COMPENSATION

Monetary (Financial) Compensation	Non-Monetary (Non-Financial) Compensation
Salary or Wages	Status
Bonus	Appreciation and Recognition
Financial Incentives	Work Life Balance
Stock Option	Delegation
Promotion	Working Conditions
	Job Enrichment
	Job Security

1. **Salary and Wages:** Generally, salary and wages are paid in monetary terms (currency) like rupees or dollars. While the salaries are generally paid weekly or monthly (In India, salaries are generally paid on monthly basis only), the wages are paid on hourly or daily basis. Fair wages or salary should be paid, that can take care of a reasonably decent standard of living, taking care of all basic needs like shelter, food, basic medicines, etc.

2. **Bonus:** Bonus is a onetime payment, over and above the total salary. In India, it is generally offered on festival times, say, like the Diwali bonus. Sometimes, when a company makes very good profit, some part of that is shared as bonus amongst employees. The benefit of bonus over increment is that, because it is a onetime payment, it does not increase the basic salary and does not add to long term financial burden of the firm.

3. **Financial Incentives:** Financial or monetary incentives like children's education allowance or house rent allowance are critical. They allow the employees to deal with important expenditures in their lives.

4. **Profit Sharing:** Profit sharing is a very good way to motivate employees. One such method is to offer Employees Stock Options (ESOPs), whereby the employees receive the shares of the company. That practically makes the employees partners of the firm and the employees feel that they are working for their own company.

5. **Promotion:** When an employee receives financial increments in his/her salary, he/she feels motivated to work more. Financial compensation is a message to the employee that the employer values his/her services. It is a form of appreciation in monetary terms.

6. **Status:** Status is a social position that a person holds compared to others in an organization. When an employee's status is increased by either giving him a better designation, or offering a big office, it drives him/her to work more. For example, while the designations used by some nationalized banks are like cashiers and clerks, the private sector banks chose to use better designations like personal banker or advisors.

7. **Appreciation and Recognition:** Everyone loves to be praised. An employee, at last, is a human being. When a company appreciates an employee in front of all, it will definitely inspire him/her to be more productive and loyal. Many companies have „employee of the month" type of notice board, where they paste the photographs of the best performer employee of a particular month. It leads to healthy competition amongst employees to do better. Plus, this method is free! There is no financial burden to the employer.

8. **Work Life Balance:** In today's busy life, it is important that employees find some time for family and self. As working hours are increasing, it becomes difficult for employees to find time for family and self. A company, that offers, work life balance, will naturally find the favour of the employee. A company can offer paid vacations to its employees on the festivals like Diwali on rotational basis. An employee, returning from vacation, will definitely be more happy and relaxed. For example, PwC offers 28 Privileged Leaves and 12 restricted holidays to its employees, including the seven compulsory holidays of festivals.

9. **Delegation:** Delegation of work means empowering the employees who are juniors, by giving them more decision making power. For example, if a bank has a policy that a branch manager can sanction loans upto Rs. 50,000 only. For the loan application above it, the branch manager must get approval of head office. So, it would make the work of the branch manager very difficult. But, if the same manager is allowed to sanction the loans upto Rs. 2 lakh, the manager will have to approach the head office less time. That will give him sense of freedom and he will do a better job.

10. **Working Conditions:** When employees have good working conditions interms of good physical infrastructure as well as good culture, it improves their ability to wok more efficiently.

11. **Job Enrichment:** Job enrichment is nothing but to make the same job more challenging and interesting by modifying its steps or the way it is done. For example, asking the school teachers to teach in traditional way vs allowing them to use technology in the classroom.

12. **Job Security:** When employees know that they will not be fired for the wrong reasons, they become more committed and productive in the work.

ISSUES IN EMPLOYEE COMPENSATION

1. **Equity**: The employees will always feel that they are paid less compared to others. This type of feeling leads to jealousy and politics. It is a big challenge to deal this aspect of employee behavior.

   There are two types of equity that the employer has to take care of: the internal vs the external equity. Internal equity means the employees feel that they are being paid equal compared to the other employees of the firm while the external equity means that employees feel that they are being paid equal to the employees outside of the firm (i.e. employees working with the competing firm).

2. **Budget**: Even if the employers want to pay the best of the salary, the limited budget makes it difficult to pay the satisfactory salary to all the staff members. The organization has to spend the budget judiciously and that may limit their ability to pay well to the employees.

3. **Executive Compensation**: The executives are very important employees who play a critical role in making sure that the company remains profitable. That is why it is imperative for the employers to provide extra compensation to the executives. The executive also expect special perquisites like freedom from certain rules, a luxurious bungalow, a luxurious car, extra paid vacations. These costs may make it difficult for the employers to manage everything within a preset budget.

4. **Legal Compliance:** As the compensation gets affected by lots of legal compliances, it requires the firm to have a dedicated legal cell to make sure such compliances are taken care of properly. Laws like Factories Act, Minimum Wages Act, Workmen's Compensation Act, Payment of Bonus Act, etc. require the firms to maintain the compliance on regular basis.

   ❖ **Check Your Progress**

Q: 1 Answer the following questions in detail:

1. What is compensation? What are the aims of compensation?
2. What are the types of employee compensation?
3. Generally, what types of allowances and other benefits are paid the employees in India?
4. What are some the challenges that the employers have to face while designing the compensation?
5. What positive impacts will there be on employees if they are paid well?

Q: 2 Write a short note on the following:

1. Factors influencing the compensation
2. Gratuity
3. Work Life Balance
4. Equity
5. Provident Fund

Q: 3 Select the "Most Correct" answer:

1. Which of the following is NOT a component of Employee Compensation?

A. HRA
B. LTA
C. DA
D. CA (Correct Answer)
E. EPF

2. Which of the following is used to share ownership of the firm with the employees?
A. ESOPs (Correct Answer)
B. EPOSs
C. EOPS
D. None of the Above
E. All of the Above

3. Delegation is about:
A. Benefitting the Employee
B. Empowering the Employee (Correct Answer)
C. Rewarding the Employee
D. Motivating the Employee
E. Punishing the Employee

4. Paying more than market rate to deserving employees is:
A. An Expenditure
B. A Cost
C. Wastage of Money
D. Investment (Correct Answer)
E. Strategic Move

5. CPI stands for:
A. Consumer Price Index (Correct Answer)
B. Consumer Preference Index
C. Consumer Payment Index
D. Customer Pay Index
E. None of the Above

Q: 4 Contrast the following terms:

1. Financial Vs Non-Financial Benefits
2. Wages Vs Salary
3. Bonus Vs Increment
4. Internal Vs External Equity

Q: 5 Fill in the Blanks:
1. _____ ensures minimum payment to the employees
(MinimumWages Act).
2. _____ is about making job more interesting and challenging
(JobEnrichment).
3. Employee of the month is generally part of ___program
(employee recognition).

 4. cannot be paid the same way as the normal employees .
 _____ (Executives).

5. _____ is paid after five years of continuous service (Gratuity).

Case Study:

Asian Paints Increases the Salary During Covid19 Pandemic:

India's biggest paint company: Asian Paints, has decided to increase salaries of their employees, in order to boost their morale. Amidst news of layoffs and salary cuts everywhere, this is encouraging news, and will surely impact all their employees to deal with the gloom of coronavirus.

Asian Paints will Increase Salary
Asian Paints has confirmed that they are increasing the salaries of all employees, even as the Q1 results are likely to be very bad.
This has been done at this point of time to boost morale of all employees.
MD and CEO Amit Syngle said, "I see this as a big opportunity to step in and interact with every single employee and assuage their concerns in an uncertain marketplace.We are not in the hire and fire business and as a mature brand have reassuredemployees that we all are together in this."
The company as confirmed that no employee will fired, since it's not the culture of Asian Paints to terminate employees due to loss in business.

Rewards, Incentives for All Dealers

Besides hiking salaries of all employees, Asian Paints is also rewarding their dealers to cope with this testing time.

Rs. 40 crore have been transferred to thousands of their dealers as cash incentives for managing this loss in business.

Besides, the company is providing free health insurance of all staff who are working with the dealers, free sanitization of their shops, 45-days extension in the payment which they are supposed to pay to Asian Paints, and 2% discount if that payment is made within these 45 days.

Asian Paints has not only donated Rs. 35 crore to the PM Cares Fund, but have also started making hand sanitizers called Viroprotek.

Asian Paints was founded by 4 friends: Champaklal Choksey, Chimanlal Choksi, Suryakant Dani and Arvind Vakil, in a garage in Mumbai in 1945. Last year, they churned out revenues of Rs 19,000 crore, and they employ 6000+ employees.

Source: https://trak.in/tags/business/2020/05/16/asian-paints-is-raising-salaries-of- employees-to-boost-morale-rs-40-cr-gifted-to-dealers/, accessed July 19, 2020

Question: Why do you think that Asian Paints has increased salary during the COVID19 pandemic, while other companies are going for salary cuts? Is it a good decision? Why?

UNIT : 5　　TRAINING AND DEVELOPMENT

After going through the Unit, you should be able to:

- explain the meaning of training;
- discuss the need and importance of training;
- describe various methods of training;
- identify areas for evaluation of training;
- explain the concept of retraining;

5.1　INTRODUCTION

Training and development are processes that attempt to provide an employee with new skill and understanding of new system and applying it in work. In addition, training and development are designed to help the person in utilizing and enhancing the skill which in turn will help in good performance.

Training helps employees to perform better in their existing work; while development prepares individual for career development.

Training is required at every stage of work and for every person at work. To keep one updated with the fast changing technologies, concepts, values and environment, training plays a vital role. Training programmes are also necessary in any organisation for improving the quality of work of the employees at all levels. It is also required when

a person is moved from one assignment to another of a different nature.

Taking into account this, context, this unit aims at providing insight into the concept, need and methods of training, also areas of evaluation of training and retraining.

5.2 CONCEPT OF TRAINING

Training is the most important function that directly contributes to the development of human resources. This also happens to be a neglected function in most of the organisations. If human resources have to be developed, the organisation should create conditions in which people acquire new knowledge and skills and develop healthy patterns of behaviour and styles. One of the main mechanisms of achieving this environment is institutional training. Training is short-term process utilizing a systematic and organized procedure by which personnel acquire technical knowledge with skills for a definite purpose.

After recruiting and placing the employees in the right place the next step is to train and develop the Human Resources those are recruited recently. Training and Development means changing what employees know, how they work, their attitudes toward their work, or their interaction with their co-workers or supervisors.

Some of the authors have defined training as follows:

1. **Jack Halloran:** "Training is the process of transmitting and receiving information related to problem solving".
2. **Mathis and Jackson:** "Training is a learning process whereby people learn skills, concepts, attitudes and knowledge to aid in the achievement of goals."
3. **Gary Dessler:** "Training is the process of teaching new employees the basic skills they need to perform their jobs."
4. **De Cenzo & Robbins:** "programs that are more present day oriented, focuses on individual's current jobs, enhancing specific skills and abilities to immediately perform their job called training.
5. **Ricky W. Griffin:** "Training usually refers to the teaching operational or technical employees how to do the job for which they were hired".

Hence we can summarize training as an organized activity carried out in order to impart new information and/ or instructions to improve the recipient's performance and enhance his or her skills and abilities.

5.3   NEED, IMPORTANCE AND BENEFITS OF TRAINING

In order to efficiently utilize the human resources, every company spends resources in training and development function. It directly contributes to the development of human resources. Training can help in meeting the new challenges, job requirements and is considered as a significant change management tool.

Training is essential because technology is developing continuously and at a fast rate. Systems and practices get outdated soon due to new discoveries in technology, including technical, managerial and behavioural aspects. Organisations that do not develop mechanisms to catch up with and use the growing technology soon become stale. However, developing individuals in the organisation can contribute to its effectiveness of the organisation.

There are some other reasons also for which this training becomes necessary. Explained below are various factors, giving rise to the need for training.

➢ Employment of inexperienced and new labour requires detailed instructions for effective performance on the job.
➢ People have not to work, but work effectively with the minimum ofsupervision.
➢ Increasing use of fast changing techniques in production and other operations requires training into newer methods for the operatives.
➢ Old employees need refresher training to enable them to keep abreast ofchanging techniques.
➢ Training is necessary when a person has to move from one job to anotherbecause of transfer, promotion, or demotion.

Such development, however, should be monitored so as to be purposeful. Without proper monitoring, development is likely to increase the frustration of employees if when, once their skills are developed, and expectations raised, they are not given opportunities for the application of such skills. A good training sub-system would help greatly in monitoring the directions in which employees should develop in the best interest of the organisation. A good training system also ensures that employees develop in directions congruent with their career plans.

Activity A
Visit to an industry / organization and find out the training activities that are carried out there.

5.4 TRAINING MISSION, POLICY, PLAN AND STRATEGY

Most of the organizations have an in house training department and in some cases they are out sourced depending upon the training need. All the training departments have three components in place: **training mission, training policy, training plan and training strategy.**

Training Mission*:* It indicates higher goals of training and is based on theorganization's mission.

Training Policy*:* It plays a major role in any training department. It containstraining objectives and procedures.

Training Plan*:* It describes how to carry out the training function.

Training Strategy*:* It provides the road map for implementing the training policyand plan keeping in mind the training mission.

5.5 TRAINING MODELS

There are various models for training that lead to individual development leading to organizational performance. Some of the widely used models are discussed briefly in this section.

A. Human Performance Technology (HPT)

HPT is a systematic and scientific process of training and instructional system to enhance productivity and achieve business goals.

Human: Performers in organisations Performance: Measurable outcomesTechnology: Scientific study

Once the performance gap and reasons are identified the appropriate training is imparted.

B. Performance Based Instructional Design (PBID)

PBID is training model that help trainees to perform effectively. It has sevenmajor components.

1. Programme description
2. Content analysis
3. Content selection
4. Content sequencing
5. Lesson structuring
6. Lesson delivery formatting
7. Evaluation and feedback procedures development

C. ADDIE Model

ADDIE model is a systematic approach that ensures a comprehensive training process that is planned by an organization in accordance with the business goals.

The steps are as follows.

1. Analyze: Training needs are analyzed
2. Design: After analysis the training is designed

3. Develop: Training package is developed as per plan
4. Implement: Training package is implemented as per the training plan
5. Evaluation: This is the final phase where training program is evaluated.

In this unit we will be discussing in detail how training is carried out mainly basedon the ADDIE model.

5.6 TRAINING NEED ANALYSIS

A good system of training starts with the identification of training needs. The following sources can be used for identifying training needs.

1. Performance Review Reports

Performance review reports help in identifying directions in which the individuals should be trained and developed. On the basis of the annual appraisal reports, various dimensions of training can be identified. Training needs identified on the basis of performance appraisal, provide good information for organizing in- company training, and on-the-job training for a select group of employees.

2. Potential Appraisal

Training needs identified on the basis of potential appraisal, would become inputsfor designing training programmes or work-out training strategies for developing the potential of a selected group of employees who are identified for performing future roles in the organisation.

3. Job Rotation

Working in the same job continuously for several years without much change may have demotivating effects. Some organisations plan job rotation as a mechanism of maintaining the motivation of people. Training is critical in preparing the employees before placing them in a new job.

4. Continuing Education

Besides these, most of the training programmes that are organized today, aim at equipping the managers with new technology. These training programmes attempt to help the managers raise their present level of effectiveness.

5.7 DESIGNING TRAINING PROGRAMMES

Once the training needs are identified, training issues are prioritized like appropriate training methods, budgeting, identifying trainer and

scheduling. All these take place simultaneously. In this section we will be familiarizing you with various methods of training.

Methods of Training

There are several methods of training available. In this section we will be touching upon the most commonly used training methods.

Analysis of an Activity: List in a logical sequence, the activities in producing product or service or part thereof, and determine what new knowledge or skill is called for or which aspects of present knowledge or skill need to be modified.

Analysis of Problems: To analyze and determine problems; additional skills, knowledge or insights are required to handle it.

Analysis of Behaviour: To analyse typical behaviour by individuals or groups and determine the corrective action involving training.

Analysis of an organisation: To analyse organisational weaknesses to produce clues to both individual and group training needs.

Appraisal of Performance: To analyse performance and determine if someone should get something, be it additional knowledge, skill or understanding.

Brainstorming: To bring together a homogeneous group and to ask individuals in the group to call out any ideas they have for answering a "how to" question and identify items which call for additional knowledge, skill or attitude.

Buzzing: To ask an audience of supervisors, managers, professional, personnel or others (as long as it is homogeneous), as to what the desirable next steps are in the organisation's training programme or what additional areas of knowledge (or skill or understanding), do we need to handle our work better.

Card Sort: To write statements or potential training needs on cards, hand them over to the persons whose ideas are sought, to arrange these cards in what they feel is their order to importance for various training needs.

Checklist: To break down a job, process, programme, activity, or area of responsibility into a list of detailed parts or steps arranged in logical sequence. Then to have checked off by each employee the items about which he feels he would like to have more skill or knowledge.

Committee: To constitute an advisory committee composed of persons responsible for or with a direct interest in an activity to identify training needs.

Comparison: To compare what an individual is doing (or contemplates doing) with what others are doing or have done to learn about new ways to handle old problems, keep up-to-date on new

techniques and procedures, and fight his own obsolescence.

Conference: To identify training needs and make decisions on ways these needs shall be met.

Consultants: To employ outside consultants to determine training needs and develop ways to meet them.

Counselling: To discuss between a training practitioner and a person seeking guidance regarding way he can improve his on-the-job performance or prepare foradvancement.

In-basket: To measure or test a manager's ability to handle some of the day to day challenges which comes to him in writing in his "in-box" from various sources.

Incident Pattern: To note in terms of success or failure, the responses to special situations and to study the pattern of deviation.

Informal Talks: To meet and talk informally with people for finding clues to training needs.

Interviews: To arrange a formal meeting with the person or group concerned employing the interview techniques.

Observation: To observe such things as may have value as indicators of training needs, especially needs which are just under-the surface or emerging.

Problem Clinic: To arrange meetings of a homogeneous group to discuss a common problem and develop a solution.

Research: To identify implications for training and development as a result of research.

Role Playing: To get clues to his training needs in a skill, an area of knowledge,or in understanding or attitude by observing how each role player acts in a role playing situation.

Self-analysis: To self-evaluate and know what is needed in theory, additional knowledge, skill or insight.

Simulation: To analyse performance in simulated exercise to reveal individual and/or group training needs.

Skill Inventory: To establish and annually update an inventory of the skills of theiremployees and to identify gaps or blind spots in reserve or stand-by-skills.

Slip Writing: To write on a slip the type of training needed and analyse the information on these slips.

Studies: To undertake studies which can turn up training needs which will have to be met if the plans were adopted.

Surveys: To undertake surveys that can be used to take inventory of operations, employee attitudes, implications of advanced planning, etc.

Tests: To perform tests to measure skill, knowledge or attitude and to identify gaps.

Task Force: To constitute a task force which, in analysing the problem may unearth training needs which must be met before their

recommended solution to the problem can be implemented.

Questionnaire: to develop a questionnaire to elicit information which can be used to determine training needs, delimit the scope of the training, identify course contents, etc.

Workshop: To identify in a workshop, the need for further understanding or insight about organisation's goals or operations.

Activity B

You may be aware of how training needs are determined in an organization you are familiar with. Write below the most commonly *used methods training.*

5.8 IMPLEMENTATION

After identification of training need and appropriate training method, now it is time to implement the training plan. It deals with the training strategy keeping in mind the pros and cons of the plan.

5.9 EVALUATION OF TRAINING

The objectives of evaluating training is to:

- ensure that training objectives are attained;
- find ways to measure the gains in knowledge, skills; and ascertain if training has helped in enhancing the performance or not. The most commonly used model for training evaluation is Krikpatrick model. The model measures:
- Reaction of participants: what they thought and felt about training
- Learning: The resulting increase in knowledge and capability
- Behaviour: Extent of improvement in behavior and capability in application
- Result: The effects on the business resulting from trainee's performance.

5.10 PRINCIPLES OF AN EFFECTIVE TRAINING PROGRAMME

A successful training programme should be based on the following principles:

1) The objectives and scope of a training plan should be defined before its development is begun, in order to provide a basis for common agreement and co-operative action.
2) The techniques and processes of a training programme should be related directly to the needs and objectives of an organisation.
3) To be effective, the training must use tested principles of learning.
4) Training should be conducted in the actual job environment to the maximum possible extent.

Retraining

Retraining programmes are designed as a means of avoiding personal obsolescence. It is the tendency of the individual employee to become outdated in terms of job requirements. This is true of employees at every level in the organisation.

However, retraining is focused on rank-and-file employees. This is so because their number is large and technological change makes its immediate impact on those who work closer to technological resources. Besides they are less equipped to foresee their personal needs and because they require more assistance in advance planning than do others.

Employees require refresher courses to help them recall what they have forgotten and to overcome some practices they have come to accept as satisfactory. They also need to bring them with respect to relevant new knowledge and skill. The need for retraining also arises as a result of technological changes resulting in changes in equipment, tools and work methods.

Summary

To sum up, training is the act of increasing the knowledge and skill of an employee for doing a particular job. Training is required in every organization, so as to cope the employees with the emerging trends. There are various methods of training as discussed in this unit. Depending upon the training need analysis, a particular method of training is chosen for the employees (s). Nowadays training has almost become a strategic function of an organisation. Evaluation of training is as important as execution of training and the concept of retraining is based on this.

❖ **CHECK YOUR PROGRESS**

1. "A well-thought-out orientation program is essential for all new employees, whether they have experience or not." Explain why you agree or disagree with this statement. New employees can suffer from a significant amount of anxiety during the first few days on the job as they find themselves in an environment and culture that they are not familiar with. Those with little job experience may find it especially difficult without an orientation since they have little other experience on which to base their expectations. A well-developed orientation program will socialize new employees into important organizational values, whereby their chances of easing smoothly into the organization are improved.

2. **Explain how you would apply our principles of learning in developing a lecture, say, on orientation and training.** Student's answers should reflect the issues identified in the guidelines in the section on lectures. As an exercise, you might have students develop and deliver a lecture (perhaps on one section of this unit). Then ask the students to critique each other based on the guidelines summarized in the section on lectures.

3. **Vipul Gupta is a first year BBA student of your university. He has failed the first semester accounting course and is very upset. How would you use performance analysis to identify what, if any, are Vipul Gupta's training needs?** The first thing that needs to be determined is if this is a "can't do" or a "won't do" situation. It is possible that as a first semester student, Vipul has spent more time socializing and not enough time studying. This would indicate a need for training on studying skills and prioritization. It is also possible that Vipul really does not have the necessary basic skills that he needs in order to be successful in this course. This could be determined through some testing to see if he has the prerequisite knowledge and skills. If it is a problem, remedial training or courses would be appropriate. A third possibility is that Vipul simply does not really have the interest or natural inclinations that would make him successful in the accounting area. This could be determined through some testing and career interest surveys. If this is the case, training is not appropriate, but rather Vipul should be counseled to work hard and also look at the possibility of changing streams.

4. **What are some typical on-the-job training techniques? What do you think are some of the main drawbacks of relying on informal on-the-job training for breaking new employees into their jobs?** The most common is the understudy or coaching technique. Others include apprenticeship training and job rotation. There are several possible drawbacks to OJT: (1) not every employee will get the same basic information; in fact, some may not get basic, fundamental information; (2) the quality of the training is highly dependent on the training skills of the employee who supervises the OJT...and that person's skills and training are usually not in the area of training; and (3) the new employee may get false information or detrimental enculturation depending on the employees that conduct their OJT.

5. **One reason for implementing global training programs is the need to avoid lost business "due to cultural insensitivity." What sort of cultural insensitivity do you think is referred to, and how might that translate into lost business?** The cultural insensitivities would include cross-cultural values, assumptions concerning communication, identity issues, etiquette, lifestyles, style of dress, etc.

Any of these can result in unintentional insults or offending people that can easily make those people reluctant to do business with you.

6. What sort of training program would you recommend to avoid such cultural insensitivity? There are a wide variety of programs and consultants that specialize in these areas. It is important to have someone who is knowledgeable in these areas conduct the training to assure that the correct information and guidance is given.

7. **Describe the pros and cons of five management development methods.** Job rotation: broadens experience and helps the candidate find what he or she prefers. Coaching/Understudy: works directly with the person he or she will replace, helps assure trained managers are ready to assume key positions. Action Learning: allows special projects to be handled. Case Study Method: classroom oriented, gives real-life situations, allows analysis and reflection. Management Games: learn by getting involved, competition, emphasizes the need for planning, problem-solving skills, teamwork. Outside Seminars: CEUs, developed by experts, time away from pressures of work. University-Related Programs: certifications and degrees, theoretical knowledge, sharing with students from other industries. Role Playing: opportunity to work through probable situations, negative views of role-playing. Behavior Modeling: effective, learning and skill development, reinforces decisions immediately. In-House Development Centers: tailored to the needs of the company, expensive. Students should be able to come up with additional pros and cons for each method.

8. **Do you think job rotation is a good method to use for developing management trainees?**
Why or why not? Most students will probably support job rotation for management trainees. It gives the trainee the opportunity to experience several areas and to develop cross-departmental skills and cooperation. It also gives the trainee the chance to experience different areas to see what he or she likes.

Application Questions:

1. **You're the supervisor of a group of employees whose task is to assemble disk drives that go into computers. You find that quality is not what it should be and that many of your group's devices have to be brought back and reworked; your boss says that "You'd better start doing a better job of training your workers." A) What are some of the "staffing factors" that could be contributing to this problem? B) Explain how you would go about assessing whether it is in fact a training problem.** Have students brainstorm the potential factors other than training that could be the

root cause of this problem. Make the point that often, people will immediately point to training as the issue, when in fact there are other factors at play that are impacting performance.

2. **Pick out some task with which you are familiar – mowing the lawn, tuning a car – and develop a job instruction training sheet for it.**

3. **Working individually or in groups, you are to develop a short programmed learning program on the subject "Guidelines for Giving a More Effective Lecture."** Students should use the guidelines listed in the programmed learning section of the unit, but should not forget that this assignment is not just listing guidelines. They are to develop a programmed learning that
1)   presents questions, facts, or problems to the learner, 2) allows the person to respond, and 3) provides feedback to the learner on the accuracy of his or her answers.

4. **Find a provider of management development seminars. Obtain copies of their recent listings of seminar offerings. At what levels of managers are the offerings aimed? What seems to be the most popular types of development programs? Why do you think that's the case?** Depending on the provider contacted, the results of this exercise will vary. It would be a good idea to assign different groups or individuals to different providers to assure that you get a variety of responses. It may be useful to have a class discussion about the differences that they found.

5. **Working individually or in groups, develop several examples to illustrate how a professor teaching human resource management could use at least four of the techniques described in this unit in teaching his or her HR course.** Student results will again vary. Look for examples to be well thought out and to represent the guidelines given in the appropriate sections on traditional training techniques.

6. **Working individually or in groups, develop an orientation program for high school graduates entering your university as freshmen.** The students should refer to the section on why orientation is important in the unit. They should also create an orientation checklist similar to Figure 8-1

7. **The U.S.-led coalition in Iraq sent hundreds of trainers to that country to train new cadres of Iraqi workers, from teachers to police officers. Perhaps no training task was more pressing that that involved in creating the country's new police force. These were the people who were to help the coalition bring security to Iraq. However, many had no experience in police work. There were language barriers between trainers and trainees. And some**

trainees found themselves quickly under fire from insurgents when they went as trainees out into the field. Based on what you learned about training from this unit, list the five most important things you would tell the officer in charge of training (a former U.S. big city police chief) to keep in mind as he prepares the training program.

Lead a discussion with students to identify concepts learned in this unit that apply to this example. Have them identify how each recommendation addresses the unique issues in this scenario. Suggest that students do Internet research to discover how, in fact, training was conducted, and have them critique the approach, techniques, and methods used based on the ma

Experiential Exercise: Flying the Friendlier Skies

This exercise will give students the opportunity to experience the activities involved in creating a training program. After students have read the description of an airline clerk's duties, divide the class into teams of five or six students. Direct students to list the job's main duties and produce an outline specifying what the new clerks should be taught, and which methods and aids might be used to train them. Many students will have worked at part-time positions that require dealing effectively with customers. Class discussion should include examples of what types of situations a desk clerk may be exposed to, and what kinds of training would allow those situations to be handled more smoothly. For example, desk clerks often must deal with multiple customers at one time – on the phone and in person. Role play, or simulation, could help a clerk know how to effectively deal with multiple demands.

Application Case: Reinventing the Wheel at Apex Door Company

1. **What do you think of Apex's training process? Could it help to explain why employees "do things their way" and if so, how?** There is a weak accountability system. The person assigned to perform training is likely to have very low motivation (a departing employee). With no formal descriptions, the trainer will teach "their way" of accomplishing tasks. There is no training documentation. One receives training in "how to train." There are no outcome measures to determine if the training was successful.

2. **What role do job descriptions play in training?** Job descriptions set the boundaries of jobs in terms of required knowledge and skills. By understanding the job description, a trainer can define the learning requirements for a new or transitioning employee.

3. **Explain in detail what you would do to improve the training process at Apex. Make sure to provide specific suggestions, please.** Every position would have a formal (written) description. Training

procedures would be documented for each position. Supervisors would be formally accountable for training. **Continuing Case: Carter Cleaning Company: The New Training Program**

1. **Specifically, what should the Carters cover in their new employee orientation program, and how should we convey this information?** The students should refer to the orientation checklist in Figure 8-1 and the section on orienting employees in the unit.

2. **In the HR management course Jennifer took, the book suggested using a task analysis record form to identify tasks performed by an employee. Should we use a form like this for the counterperson's job, and if so what would the filled-in form look like?** The students should refer to the section on the training needs of new employees. This section discusses a task analysis form. It contains the following information: task list; when and how often performed; quantity, quality performance standards; conditions under which performed; skills or knowledge required; and where best learned (refer them to Table 8-1).

3. **Which specific training techniques should Jennifer use to train her pressers, her cleaner- spotters, her managers, and her counter people, and why?** The students should review the training techniques discussed in the unit and conduct research on the Internet to review the various training resources offered for each of these positions.

   Translating Strategy into HR Policies and Practices Case: The Hotel Paris: The New Training Program – In this case, HR manager Lisa Cruz must formulate functional policies and activities that support the hotel's competitive strategy, and elicit required employee behaviors and competencies.

1. **Based on what you read in this unit, what do you suggest Lisa and her team do firstwith respect to training? Why?**

   Lisa should review employee performance evaluation forms to determine whether and where there are deficits. Customer feedback may also indicate whether there is a need for certain types of training.

2. **Have Lisa and the CFO sufficiently investigate whether training is really called for. Why? What would you suggest?**
   No. Although there are large differences in such measures as spending as a percentage of payroll, that in itself does not mean training is lacking. On-the-job training costs little and may be taking place on an informal, and therefore unmeasured, basis. Additionally, such things as employee tenure may be having an effect on training costs – if Hotel Paris employees have been there for many years, they may

require less training than the employees of a hotel which has high turnover. Lisa needs to analyze the need for training more thoroughly.

3. **Based on what you read in this unit, and what you may access via the Web, develop a detailed training program for one of these hotel positions: security guard; housekeeper, or doorperson.**

Answer the following Multiple Choice Questions: (M.C.Q)

1) Which of the following terms refers to a procedure for providing new employees with basic back ground information about the firm?
A) recruitment
B) selection
C) orientation
D) development
E) arbitration   **Answer: C**

Explanation: Employee orientation is the process of providing new employees with basic background information about the firm. Orientation should help new employees start getting emotionally attachedto the firm as well.

2) Which of the following terms refers to helping new employees appreciate the values and culture ofa firm?
A) onboarding
B) outsourcing
C) organizing
D) offshoring
E) outplacing   **Answer: A**

Explanation: Onboarding is synonymous with employee orientation, which involves providing new employees with the information they need to function. However, onboarding also tries to help new employees understand a firm's values and culture.

3) Which of the following is most likely NOT one of the goals of a firm's employee orientationprogram?
A) making new employees feel like part of a team
B) helping new employees become socialized into the firm
C) assisting new employees in selecting the best labor union
D) teaching new employees about the firm's history and strategies
E) providing basic information to new employees to help them work
Answer: C

Explanation: During employee orientation, firms try to make the new employee feel welcome and athome and part of the team, make sure the new employee has the basic information to function effectively, help the new employee understand the organization in a broad sense, and start the person on the process of becoming socialized into the

firm's culture, values, and ways of doing things. It is less likely that the firm would help employees join a labor union.

4) All of the following topics are typically addressed during employee orientation EXCEPT _____

A) employee benefits
B) personnel policies
C) daily routine
D) wage curves
E) safety measures   **Answer: D**

Explanation: A wage curve is the graphic relationship between the value of the job and the average wage paid for the job. It is unlikely that wage curves would be addressed during orientation, which usually covers benefits, policies, routines, and safety measures.

5) The methods used to give new or present employees the skills they need to perform their jobs are called __.

A) orientation
B) training
C) development
D) appraisal
E) management **Answer: B**

Explanation: Directly after orientation, training should begin. Training means giving new or current employees the skills they need to perform their jobs. Training is essential to good management.

6) If an employer fails to train an employee adequately and an employee subsequently harms a third party, the court could find the employer liable for _____.

A) negligent hiring
B) discrimination
C) negligent training
D) occupational fraud
E) hazardous training

Answer: C

Explanation: Inadequate training can also expose employers to negligent training liability. If an employer fails to train adequately and an employee harms a third party, it is likely that the court will find the employer liable.

7) Which of the following steps will most likely NOT help employers protect themselves against charges of negligent training?

A) confirming an employee's claims of skill and experience
B) providing extensive and appropriate training
C) evaluating the effectiveness of the training
D) paying employees for their training time
E) recruiting only at accredited schools

Answer: D

Explanation: Employers should confirm the applicant/employee's claims of skill and experience, provide adequate training (particularly where employees use dangerous equipment), and evaluate the training to ensure that it's actually reducing risks. Recruiting at accredited schools does not guarantee that an employer will be protected against negligent liability.

8) Surveys have found that __ has the greatest influence on organizational performance and employee productivity.
A) appraisals
B) feedback
C) training
D) goal-setting
E) screening

Answer: D

Explanation: Training has an impressive record of influencing performance, scoring higher than appraisal and feedback and just below goal setting in its effect on productivity. Screening and hiring the right people is important, but goal-setting and training are essential.

9) The first step in a training program is to _____.
A) assess the program's successes or failures
B) present the program to a small test audience
C) design the program content
D) conduct a needs analysis
E) estimate the program's budget

Answer: D

Explanation: In the first, needs analysis step, you identify the specific knowledge and skills the job requires, and compare these with the prospective trainees' knowledge and skills. Choices A, C, and E are elements of the training process that occur later. The third step involves training employees, but not necessarily a test audience.

10) What is the second step in the training process?
A) evaluating the program's successes or failures
B) presenting the program to a small test audience
C) developing specific training objectives
D) identifying specific skills of the job
E) training the targeted group of employees

Answer: C

Explanation: In the second, instructional design step, you formulate specific, measurable knowledge and performance training objectives, review possible training program content (including workbooks,

exercises, and activities), and estimate a budget for the training program.

11) Which of the following will most likely occur during the third step of the training process?
 A) conducting a needs analysis for a specific job
 B) training employees with an online program
 C) evaluating the success or failure of the program
 D) reviewing training workbooks and exercises
 E) estimating a budget for the training program
   Answer: B

12) What is the final step in the training process?
 A) evaluating the program's successes or failures
 B) rewarding employees for program participation
 C) designing content for the training program
 D) conducting a budget and needs analysis
 E) training the targeted group of employees
   Answer: A
   Explanation: Evaluating the program is the final step in the training process. After training is complete, employees are often rewarded for using new skills, but not during the training process.

13) James, an HR manager, is currently identifying the specific job performance skills required for a telemarketing position at Newman Enterprises. He is also assessing the skills of prospective trainees. James is most likely involved in which of the following aspects of the training process?
 A) needs analysis
 B) program evaluation
 C) program implementation
 D) instructional design
 E) budget estimation
   Answer: A
   Explanation: In the first, needs analysis step, you identify the specific knowledge and skills the job requires, and compare these with the prospective trainees' knowledge and skills. The second step of the process involves instructional design and budget estimation.

14) All of the following will most likely motivate trainees EXCEPT_____.
 A) using as many visual aids as possible during the session
 B) providing an overview of the material to be covered
 C) teaching new terminology and technical concepts
 D) utilizing a half or three-fourths day schedule
 E) allowing trainees to set their own pace
   Answer: C

Explanation: Terms and concepts used during a training session should be familiar to trainees rather than unfamiliar. Using visual aids, providing an overview at the beginning of the session, using a short schedule, and allowing trainees to set their pace are likely to motivate employees.

KEYWORD

Employee Orientation	A procedure for providing new employees with basic background information about the firm.
Training	The process of teaching new employees the basic skills they need to perform their jobs.
Negligent Training	A situation where an employer fails to train adequately, and the employee subsequently harms a third party.
Task Analysis	A detailed study of a job to identify the skills required.
Competency Model	A graphic model that consolidates, usually in one diagram, a precise overview of the competencies someone would need to do a job well.
Performance Analysis	Verifying that there is a performance deficiency and determining whether that deficiency should be corrected through training or through some other means (such as transferring the employee).
On-the-job training (OJT)	Training a person to learn a job while working at it.
Apprenticeship Training	A structured process by which people become skilled workers through a combination of classroom instruction and on-the-job training.
Job Instruction Training	Listing of each job's basic tasks, along with key points in order to provide **(JIT)** step-by-step training for employees.
Programmed Learning	A systematic method for teaching job skills involving presenting questions or facts, allowing the person to respond, and giving the learner immediate feedback on the accuracy of his or her answers.
Electronic Performance Support Systems (EPSS)	Sets of computerized tools and displays that automate training, documentation, and phone support, integrate this automation into applications, and provide support that's faster, cheaper, and more effective than traditional methods.

Job aid	A set of instructions, diagrams, or similar methods available at the job site to guide workers.
Virtual Classroom	Enables multiple remote learners, using their PCs or laptops, toparticipate in live audio and visual discussions, communicate via written text, and learn via content such as PowerPoint slides.
Lifelong Learning	Provides employees with continuing learning experiences over their tenure with the organization, with the aims of ensuring they have the opportunity to learn the skills they need to do their jobs.
Management	Any attempt to improve current or future management performance by
Development Programs	imparting knowledge, changing attitudes, or increasing skills.
Job Rotation	A management training technique that involves moving a trainee from department to department to broaden his or her experience and identify strong and weak points.
Action learning	A training technique by which management trainees are allowed to work full time analyzing and solving problems in other departments.
Case study method	A development method in which the manager is presented with a written description of an organizational problem to diagnose and solve.
Management game	A development technique in which teams of managers compete with one another by making computerized decisions regarding realistic but simulated companies.
Role playing	A training technique in which trainees act out the parts of people in a realistic management situation.
Behavior modeling	A training technique in which trainees are first shown good management techniques in a film, are then asked to play roles in a simulated situation, and are then given feedback and praise by their supervisor.
In-house development Center	A company-based method for exposing prospective managers to realistic exercises to develop improved management skills.

Executive coach	An outside consultant who questions the executive's boss, peers, subordinates, and (sometimes) family in order to identify the executive's strengths and weaknesses, and to counsel the executive so he or she can capitalize on those strengths and overcome the weaknesses.
Organizational development	A special approach to organizational change in which employees themselves formulate and implement the change that is required.
Simulated training Controlled	Training employees on special off-the-job equipment, as in airplane pilot training, whereby training costs and hazards can be reduce
Experimentation	Formal methods for testing the effectiveness of a training program, preferably with before-and-after tests and a control group.

MBA

SEMESTER-2

HUMAN RESOURCE MANAGEMENT

BLOCK: 2

PERFORMANCE APPRAISAL

6.1   INTRODUCTION

Employees, while undertaking specific roles in the organisation, need to know how their performances are being assessed, and what criteria has been used in appraising their performance. The outcomes of performance appraisals such as gaps in terms of knowledge, skills and attitude in performing the current job can be solved by training. Employees, assessed as having the potential to grow, can bedeveloped further. The performance appraisal outcomes of some employees may indicate superior performance that deserves to be rewarded. These superior performers deserve career planning, guiding and developing. Appraising employees on the job provides the yardstick for a manager to measure the extent of an employee's performance in his/her job. If the outcomes indicate deficiencies in current job knowledge and skills, then training could be the solution. For the employee, the appraisal provides feedback on how well he/she performs the job. Having the knowledge on how to improve job performance and getting the rewards for a good job done is linked to employee motivation and job satisfaction. Another important aspect of employee job satisfaction is its link to career growth. Employees who are highly motivated and satisfied with the job are more likely to perform better

on the job, learn and fulfill the strategies of career development.

6.2   CONCEPT OF PERFORMANCE APPRAISAL

a) What is Performance?

What does the term performance actually mean? Employees are performing well when they are productive. Productivity implies both concern for effectiveness and efficiency, effectiveness refers to goal accomplishment. However it does not speak of the costs incurred in reaching the goal. That is where efficiency comes in. Efficiency evaluates the ratio of inputs consumed to outputs achieved. The greater the output for a given input, the greater the efficiency. It is not desirable to have objective measures of productivity such as hard data on effectiveness, number of units produced, or percent of crimes solved, etc. and hard data on efficiency (average cost per unit or ratio of sales volume to number of calls made etc.). In addition to productivity as measured in terms of effectiveness and efficiency, performance also includes personnel data such as measures of accidents, turnover, absences, and tardiness. That is a good employee is one who not only performs well in terms of productivity but also minimizes problems for the organisation by being to work on time, by not missing days, and by minimizing the number of work-related issues.

b) What is Appraisal?

Appraisals are judgments of the characteristics, traits, and performance of others. On the basis of these judgments we assess the worth or value of others and identify what is good or bad. In industry performance appraisal is a systematic evaluation of employees by supervisors. Employees also wish to know their position in the organization. Appraisals are essential for making many administrative decisions: selection, training, promotion, transfer, wage and salary administration etc. Besides they aid in personnel research.

Performance Appraisal thus is a systematic and objective way of judging the relative worth of ability of an employee in performing his task. Performance appraisal helps to identify those who are performing their assigned tasks well and those who are not and the reasons for such performance.

6.3 GOALS OF PERFORMANCE APPRAISAL THE PURPOSE OF PERFORMANCE APPRAISALS

Although a significant amount of time, money and effort is being spent on performance management, some managers and employees

have found the exercise as subjective, being open to human interpretations and biases. In any case, employers need to ensure that performance appraisal and management have a good system in which policies, procedures, and practices are in place and accessible to eligible users.

In the beginning of this section, you have been told that performance appraisal system is a type of evaluation and a feedback system in which employee performance is being assessed and it provides employees with feedback from their superiors on how they perform on the job.

Superiors use the evaluation system in order to identify a *performance gap* (if any). This gap occurs when an employee's performance does not meet the acceptable standard set by the organisation.

In addition, the feedback system helps superiors to inform their employee about the quality of his or her performance. However, the information flow is not exclusively one way.

The superiors (appraisers) also receive feedback from the employee about job problems or limited resources such as equipment, materials as well as peer support or cooperation.

To make effective performance appraisals a reality, four criteria should to be present. These are:

1. Employees should be actively involved in the evaluation and development process.
2. Supervisors need to enter performance appraisals with a constructive and helpful attitude.
3. Realistic goals must be mutually set.
4. Supervisors must be aware, and have knowledge of the employee's job and performance.

6.4 OBJECTIVES OF PERFORMANCE APPRAISAL

Performance appraisal has a number of specific objectives. These are given below:

1. To review past performance;
2. To assess training needs;
3. To help develop individuals;
4. To audit the skills within an organizations;
5. To set targets for future performance;
6. To identify potential for promotion.

Some employees may believe that performance appraisal is simply used by the organization to apportion blame and to provide a basis for disciplinary action. They see it as a stick that management has

introduced with which to beat people. Under such situations a well thought out performance appraisal is doomed to failure. Even if the more positive objectives are built into the system, problems may still arise because they may not all be achievable and they may cause conflict. For example, an appraise is less likely to be open about any shortcomings in past performance during a process that affects pay or promotion prospects, or which might be perceived as leading to disciplinary action. It is therefore important that performance appraisal should have specific objective. Not only should the objectives be clear but also they should form part of the organization's whole strategy. Thus incorporating objectives into the appraisal system may highlight areas for improvement, new directions and opportunities.

6.5 THE PERFORMANCE APPRAISAL PROCESS

Following steps are involved in appraisal process:

1. The appraisal process begins with the establishment of performance standards. These should have evolved out of job analysis and the job description. These performance standards should also be clear and objective enough to be understood and measured. Too often, these standards are articulated in some such phrase as – "a full day's work" or "a good job." Vague phrases tell us nothing. The expectations a manager has in term of work performance by the subordinates must be clear enough in their minds so that the managers would be able to at some later date, to communicate these expectations to their subordinates and appraise their performance against these previously established standards.

2. Once performance standards are established, it is necessary to communicate these expectations. It should not be part of the employees' job to guess what is expected of them. Unfortunately, too many jobs have vague performance standards. The problem is compounded when these standards are not communicated to the employees. It is important to note that communication is a two-way street. Mere transference of information from the manager to the subordinate regarding expectations is not communication. Communication only takes place when the transference of information has taken place and has been received and understood by subordinate. Therefore feedback is necessary. Hence the information communicated by the manager has been received and understood in the way it was intended.

3. The third step in appraisal process is measurement of performance. To determine what actual performance is, it is necessary to acquire

information about it. We should be concerned with how we measure and what we measure. Four common sources of information are frequently used by mangers to measure actual performance: personal observation, statistical reports, oral reports, and written reports. Each has its strengths and weaknesses; however, a combination of them increases both the number of input sources and the probability of receiving reliable information.

4. What we measure is probably more critical to the evaluation process than how we measure. The selection of the wrong criteria can result in serious dysfunctional consequences. What we measure determines, to a great extent, what people in an organization will attempt to excel at. The criteria we choose to measure must represent performance as stated in the first two steps of the appraisal process.

The fourth step in the appraisal process is the comparison of actual performance with standards. The attempt in this step is to note deviations between standard performance and actual performance. One of the most challenging tasks facing managers is to present an accurate appraisal to the subordinate and then have the subordinate accept the appraisal in a constructive manner. The impression that subordinates receive about their assessment has a strong impact on their self-esteem and, very important, on their subsequent performance. Of course, conveying good news is considerably less difficult than conveying the bad news that performance has been below expectations. Thus, the discussion of the appraisal can have negative as well as positive motivational consequences.

5. The final step in the appraisal is the initiation of corrective action when necessary. Corrective action can be of two types; one is immediate and deals predominantly with symptoms. The other is basic and delves into causes. Immediate corrective action is often described as – "putting out fires'', whereas basic corrective action gets to the source of deviation and seeks to adjust the differences permanently. Immediate action corrects something right now and gets things back on track. Basic action asks how and why performance deviated. In some instances, managers may rationalize that they do not have the time to take basic corrective action and therefore must be content to – "perpetually put out fires.''
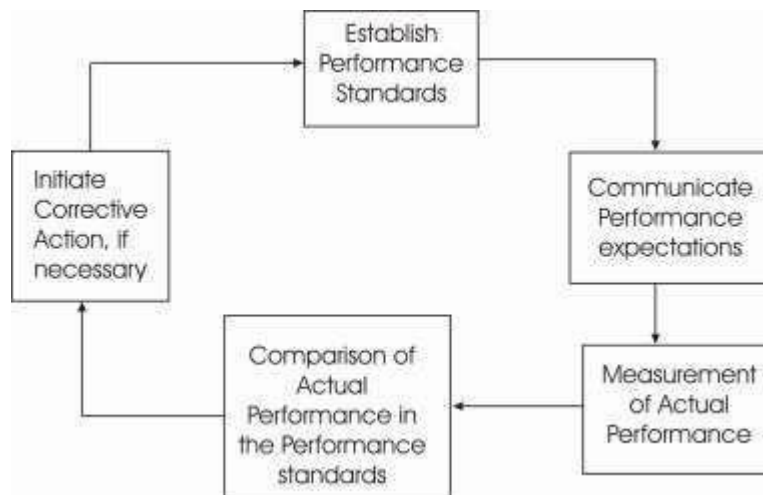
Figure 1: Performance Appraisal Process

6.6 BENEFITS OF PERFORMANCE APPRAISAL

The benefits of an effective appraisal scheme can be summed up under three categories. These are for the organization, for appraiser and for appraisee.

1) *For the Organizations*: Following benefits would accrue to the organization.

1. Improved performance throughout the organization due to more effective communication of the organization's objectives and values, increased sense of cohesiveness and loyalty and improved relationships between managers and staff.
2. Improvement in the tasks performed by each member of the staff.
3. Identification of ideas for improvement.
4. Expectations and long-term plans can be developed.
5. Training and development needs can be identified more clearly.
6. A culture of continuous improvement and success can be created and maintained.
7. People with potential can be identified and career development plans can beformulated for future staff requirements.

2) *For the appraiser*: The following benefits would accrue to the appraiser:

1. The opportunity to develop an overview of individual jobs and departments.
2. Identification of ideas for improvements.
3. The opportunity to link team and individual objectives and targets withdepartmental and organizational objectives.

4. The opportunity to clarify expectations of the contribution the managerexpects from teams and individuals.
5. The opportunity to re-prioritize targets.
6. A means of forming a more productive relationship with staff based onmutual trust and understanding.

3) *For the appraisee*: For the appraisee the following benefits would accrue:

1. Increased motivation.
2. Increased job satisfaction.
3. Increased sense of personal value.

Activity A

Assume you are currently operating an appraisal system in your organisation. How will you carry out the same following the above sections?

_____
_____
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_____
_____
_____
_____

6.7 PERFORMANCE APPRAISAL METHODS

This section looks at how management can actually establish performance standards and devise instruments that can be used to measure and appraise an employee's performance. A number of methods are now available to assess the performance of the employees.

1) **Critical Incident Method**

Critical incident appraisal focuses the rater's attention on those critical or key behaviours that make the difference between doing a job effectively and doing it ineffectively. What the appraiser does is write down little anecdotes that describe what the employee did that was especially effective or ineffective. In this approach to appraisal, specific behaviours are cited, not vaguely defined personality traits. A behaviourally based appraisal such as this should be \more valid than trait-based appraisals because it is clearly more job related. It is one thing to say that an employee is ‒aggressive‖ or ‒imaginative or ‒relaxed,‖ but that does not tell anything about how well the job is being done. Critical incidents, with their focus on behaviours, judge performance rather than personalities. Additionally, a list of critical incidents on a given employees provides a rich set of examples from which the employee can be shown which of his or her behaviours are

desirable and which ones call for improvement. This method suffers from following two drawbacks:

1. Supervisors are reluctant to write these reports on a daily or even weekly basis for all of their subordinates as it is time consuming and burdensome for them.
2. Critical incidents do not lend themselves to quantification. Therefore the comparison and ranking of subordinates is difficult.

2) Checklist

In the checklist, the evaluator uses a bit of behavioural descriptions and checks of those behaviours that apply to the employee. The evaluator merely goes down the list and gives –yes or –no responses. Once the checklist is complete, it is usually evaluated by the staff of personnel department, not the rater himself. Therefore the rater does not actually evaluate the employee's performance; he/she merely records it. An analyst in the personnel department then scores the checklist, often weighting the factors in relationship to their importance. The final evaluation can then be returned to the rating manager for discussion with the subordinate, or someone from the personnel department can provide the feedback to the subordinate.

3) Graphic Rating Scale

One of the oldest and most popular methods of appraisal is the graphic rating scale. They are used to assess factors such as quantity and quality of work, job knowledge, cooperation, loyalty, dependability, attendance, honesty, integrity, attitudes, and initiative, etc. However, this method is most valid when abstract traits like loyalty or integrity are avoided unless they can be defined in more specific behavioural terms. The assessor goes down the list of factors and notes that point along the scale or continuum that list of factors and notes that point along the scale or continuum that best describes the employee. There are typically five to ten points on the continuum. In the design of the graphic scale, the challenge is to ensure that both the factors evaluated and the scale pints are clearly understood and unambiguous to the rater. Should ambiguity occur, bias is introduced. Following are some of the advantages of this method:

1. They are less time-consuming to develop and administer.
2. They permit quantitative analysis.
3. There is greater standardization of items so comparability with otherindividuals in diverse job categories is possible.

4) Forced Choice Method

The forced choice appraisal is a special type of checklist, but the rater has to choose between two or more statements, all of which may be favourable or unfavourable. The appraiser's job is to identify which statement is most (or in some cases least) descriptive of the individual

being evaluated. To reduce bias, the right answers are not known to the rater. Someone in the personnel department scores the answers based on the key. This key should be validated so management is in a position to say that individuals with higher scores are better-performing employees.

The major advantages of the forced choice method are:
a) Since the appraiser does not know the right answers, it reduces bias.
b) It looks at overall performance.
c) It is based on the behaviour of the employees.

5) Behaviourally Anchored Rating Scales

These scales combine major elements from the critical incident and graphic rating scale approaches. The appraiser rates the employees based on items along continuum, but the points are examples of actual behaviour on the given job rather than general descriptions or traits. Behaviourally anchored rating scales specify definite, observable, and measurable job behaviour. Examples of job-related behaviour and performance dimensions are generated by asking participants to give specific illustrations on effective and ineffective behaviour regarding each performance dimension. These behavioural examples are then retranslated into appropriate performance dimensions. Those that are sorted into the dimension for which they were generated are retained. The final group of behaviour incidents are then numerically scaled to a level of performance that each is perceived to represent. The incidents that are retranslated and have high rater agreement on performance effectiveness are retained for use as anchors on the performance dimension. The results of the above processes are behavioural descriptions, such as anticipates, plans, executes, solves immediate problems, carries out orders, and handles emergency situations.

This method has following advantages:
1. It does tend to reduce rating errors.
2. It assesses behaviour over traits.
3. It clarifies to both the employee and rater which behaviour connote good Performance and which can note bad.

6) Group Order Ranking

The group order ranking requires the evaluator to place employees into a particular classification, such as ‒top one-fifth or ‒second one-fifth. Evaluators are asked to rank the employees in the top 5 per cent, the next 5 per cent, the next 15 per cent. So if a rater has twenty subordinates, only four can be in the top fifth and, of course, four must also be relegated to the bottom fifth. The advantage of this method is that it prevent raters from inflating their evaluations so everyone looks good or from homogenizing the evaluations for everyone is rated near the average outcome that are usual with the graphic rating scale. It has following disadvantages:

1. It is not good if the number of employee being compared is small. At the extreme, if the evaluator is looking at only four employees, it is very possible that they may all be excellent, yet the evaluator may be forced to rank them into top quarter, second quarter, third quarter, and low quarter!

2. Another disadvantage, which plagues all relative measures, is the ‒zero-sum game‖: consideration. This means, any change must add up to zero. For example, if there are twelve employees in a department performing at different levels of effectiveness, by definition, three are in the top quarter, three in the second quarter, and so forth. The sixth-best employee, for instance, would be in the second quartile. Ironically, if two of the workers in the third or fourth quartiles leave the department and are not replaced, then our sixth best employee now fit into the third quarter.

3. Because comparison are relative, an employee who is mediocre may score high only because he or she is the ‒best of the worst‖ Similarly, an excellent performer who is matched against ‒stiff‖ competition may be evaluated poorly, when in absolute terms his or her performance is outstanding.

7) Individual Ranking

The individual ranking method requires the evaluator merely to list all the employees in an order from highest to lowest. Only one can be the best. If the evaluator is required to appraise thirty individuals ranking method carries the same pluses and minuses as group order ranking.

8) Paired Comparison

The paired comparison method is calculated by taking the total of $[n(n-1)]/2$ comparisons. A score is obtained for each employee by simply counting the number of pairs in which the individual is the preferred member. It ranks each individual in relationship to all others on a one-on-one basis. If ten people are being evaluated, the first person is compared, with each of the other nine, and the number of items this person is preferred in any of the nine pairs is tabulated. Each of the remaining nine

persons, in turn, is compared in the same way, and a ranking is evolved by the greatest number of preferred victories. This method ensures that each employee is compared against every other, but the method can become unwieldy when large numbers of employees are being compared.

9) Management by Objectives

Management by objectives (MBO) is a process that converts organizational objectives into individual objectives. It can be thought of as consisting of four steps: goal setting, action planning, self-control, and periodic reviews:-

1. In goal setting, the organization's overall objectives are used as guidelines from which departmental and individual objectives are set. At the individual level, the manager and subordinate jointly identify those goals that are critical for the subordinate to achieve in order to fulfil the requirements of the job as determined in job analysis. These goals are agreed upon and then become the standards by which the employee's results will be evaluated. b) In action planning, the means are determined for achieving the ends established in goals setting. That is, realistic plans are developed to attain the objectives. This step includes identifying the activities necessary to accomplish the objective, establishing the critical relationships between these activities, estimating the time requirement for each activity, and determining the resources required to complete each activity.

2. Self-control refers to the systematic monitoring and measuring of performance. Ideally, by having the individual review his or her own performance. The MBO philosophy is built on the assumptions that individuals can be responsible, can exercise self-direction, and do not require external controls and threats of punishment.

3. Finally, with periodic progress reviews, corrective action is initiated when behaviour deviates from the standards established in the goal-setting phase. Again, consistent with MBO philosophy, these manager-subordinate reviews are conducted in a constructive rather than punitive manner. Reviews are not meant to degrade the individual but to aid in future performance. These reviews should take place at least two or three times a year.

Following are the advantages of MBO:

1. It is result –oriented. It assists the planning and control functions and provides motivation.

2. Employees know exactly what is expected of them and how they will be evaluated.

3. Employees have a greater commitment to objectives that they have participated in developing than to those unilaterally set by their bosses.

10)   360 degree appraisal

The 360 degree feedback process involves collecting perceptions about a person's behaviour and the impact of that behaviour from the person's boss or bosses, direct reports, colleagues, fellow members of project teams, internal and external customers, and suppliers. Other names for 360 degree feedback are multi-rater feedback, multi-source feedback, full-circle appraisal, and group performance review. 360 degree feedback is a method and a tool that provides each employee the opportunity to receive performance feedback from his or her supervisor and four to eight peers, subordinates and customers. 360 degree feedback allows each individual to understand how his effectiveness as an employee, co-worker, or staff member is viewed by others. The most effective processes provide feedback that is based on behaviours that other employees can see. The feedback provides insight about the skills and behaviours desired in the organization to accomplish the mission, vision, goals and values. The feedback is firmly planted in behaviours needed to exceed customer expectations.

People who are chosen as raters are usually those that interact routinely with the person receiving feedback. The purpose of the feedback is to:

1. Assist each individual to understand his or her strengths and weaknesses.
2. Contribute insights into aspects of his or her work needing professional development.

Following are some of the major considerations in using 360 degree feedback. These are basically concerned with how to:

1. select the feedback tool and process;
2. select the raters;
3. use the feedback
4. review the feedback; and
5. manage and integrate the process into a larger performance management system.

Features of 360 degree appraisal

Organizations that are using with the 360 degree component of their performance management systems identify following positive features of the process. These features will manifest themselves in well-managed, well-integrated 360 degree processes.

1. **Improved Feedback from more sources:** Provides well-rounded feedback from peers, reporting staff, co-workers, and supervisors. This can be a definite improvement over feedback from a single individual. 360 feedbacks can also save managers' time in that they can spend less energy providing feedback as more people participate in the process. Co-worker perception is important and the process helps people understand how other employees view their work.

2. **Team Development:** Helps team members learn to work more effectively together. Team members know more about how other members are performing than their supervisor. Multirater feedback makes team members more accountable to each other as they share the knowledge that they will provide input on each member's performance. A well-planned process can improve communication and team development.

3. **Personal and Organizational Performance Development:** 360 degree feedback is one of the best methods for understanding personal and organizational developmental needs.

4. **Responsibility for Career Development:** For many reasons, organizations per se are no longer responsible for developing the careers of their employees. Multirater feedback can provide excellent information to individuals about what they need to do to enhance their career. Additionally, many employees feel 360 degree feedback is more accurate, more reflective of their performance, and more validating than feedback from the supervisor along. This makes the information more useful for both career and personal development.

5. **Reduced Discrimination Risk:** When feedback comes from a number of individuals in various job functions, biases because of varying reasons are reduced. The judgmental errors of the supervisors are eliminated as the feedback comes from various sources.

6. **Improved Customer Services:** Feedback process involves the internal or external customer. Each person receives valuable feedback about the quality of his product or services. This feedback should enable the individual to improve the quality, reliability, promptness, and comprehensiveness of these products and services to his/her customers.

7. **Training Needs Assessment:** Multirater feedback provides comprehensive information about organization training needs and thus helps in mounting relevant training programmes. Such programmes add value to the contribution made by the individual employee.

Benefits of 360 degree Appraisal:

Following benefits of 360 degree Appraisal accrue to the individual, team andorganization:

To the individual:

1. This process helps individuals to understand how others perceive them
2. It uncovers blind spots
3. It provides feedback that is essential for learning
4. Individuals can better manage their own performance and careers
5. Quantifiable data on soft skills is made available.

To the team:

1. It increases communication between team members
2. It generates higher levels of trust ad better communication as individuals identify the causes of breakdowns
3. It creates better team environment as people discover how to treat others and how they want to be treated
4. It supports teamwork by involving team members in the development process
5. It increased team effectiveness.

To the Organization:

1. It reinforces corporate culture and openness and trust
2. It provides better opportunities for career development for employees
3. Employees get growth and promotional opportunities
4. It improves customer service by having customers contribute to evaluation
5. It facilitates the conduct of relevant training programmes.

Activity B

Review the above mentioned methods of Performance Appraisal and evaluate their advantages and disadvantages in the context of your organisation.

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6.8 PERFORMANCE COUNSELLING

The main objective of performance counselling is to help the employee to overcome his weaknesses and to reinforce his strengths. In this sense it is a developmental process where the supervisor and the subordinate discuss the past performance with a view to help the subordinate to improve and become more effective in future. Appraisal reports serve as spring board for discussion. One of the fallout effects of this dyadic interaction is the identification of training needs. Counselling provides an opportunity to the supervisor to give feedback to the subordinate on the performance and performance related behaviour. Feedback can be an effective tool provided:

- Both negative and positive feedbacks are communicated.
- It is not just an opinion but is backed by data. In other words it should bedescriptive and not evaluative.
- It focuses on behaviour rather than on the individual.
- It is timely. Delayed feedback is neither helpful nor effective. On the otherhand,
- It might be seen as criticism which may further deteriorate the relationship.
  As time passes, details are forgotten and recall may be jeopardized bydistortions.

Several conditions for effective counselling are identified. The Following are some of the important ones:

1. A climate of openness and trust is necessary. When people are tense and hostile, attempts should be made to counsel and help rather than be critical.
2. The counsellor should be tactful and helpful rather than critical and fault finding.
3. The subordinate should feel comfortable to participate without any hesitation or inhibition.
4. The focus should be on the work-related problems and difficulties rather than personality or individuals likes, dislikes or idiosyncrasies.
5. It should be devoid of all discussions on salary, reward and punishment. Any discussion on compensation changes the focus from performance improvement to the relationship between performance and reward.
   Since counselling is a difficult activity, the supervisor should be specially trained in social competence to handle these aspects of his job. The skill required to do well in these situations is often referred to as the use of non-directive technique. It is a methodology of generating information

and using this information to help employees. A sample of non-directive technique could be to start the interview by asking ‒tell me how you think you are doing‖. This provides an environment for the subordinate to talk about his part of the story first. The essential feature is to provide an employee an opportunity to talk and share his experience which the supervisor should be able to listen and then process and provide feedback to him.

One major outcome of performance counselling is identification of the potential ofthe employee's skills and abilities not known and utilized by the organization. Potential appraisal is different from performance appraisal as the latter limits evaluation to what the subordinate has done on the job (or his performance) whereas the former on the other hand, seeks to examine what the subordinate can do? The distinct advantage of a thoroughly carried out potential appraisal are given below:

1. The organizations are able to identify individuals who can take higher responsibilities.
2. It also conveys the message that people are not working in dead-end jobs in the organization.

Activity C

List out the contexts in which Performance Counselling is carried out for aparticular employee in your organization.

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_____
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6.9   PROBLEMS IN PERFORMANCE APPRAISAL

While it is assumed that performance appraisal process and techniques present an objective system it would be naïve to assume, however, that all practicing managers impartially interpret and standardize the criteria upon which their subordinates will be appraised. In spite of our recognition that a completely error- free performance appraisal can only be idealized a number of errors that significantly impede objective evaluation. Some of these errors are discussed below:

1. Leniency Error
Every evaluator has his/her own value system that acts as a standard against which appraisals are made. Relative to the true or actual performance an individual exhibits, some evaluators mark high and

others low. The former is referred to as positive leniency error, and the latter as negative leniency error. When evaluators are positively lenient in their appraisal, an individual's performance becomes overstated; that is rated higher than it actually should. Similarly, a negative leniency error understates performance, giving the individuals as lower appraisal.

2. Halo Effect

The halo effect or error is a tendency to rate high or low on all factors due to the impression of a high or low rating on some specific factor. For example, if an employee tends to be conscientious and dependable, the supervisor might become biased toward that individual to the extent that he will rate him/her high on many desirable attributes.

3. Similarity Error

When evaluators rate other people in the same ways that the evaluators perceive themselves they are making a similarity error. Based on the perception that evaluators have of themselves, they project those perceptions onto others. For example, the evaluator who perceives himself or herself as aggressive may evaluate others by looking for aggressiveness. Those who demonstrate this characteristic tend to benefit, while others are penalized.

4. Low Appraiser Motivation

What are the consequences of the appraisal? If the evaluator knows that a poor appraisal could significantly hurt the employee's future particularly opportunities for promotion or a salary increase the evaluator may be reluctant to give a realistic appraisal. There is evidence that it is more difficult to obtain accurate appraisals when important rewards depend on the results.

5. Central Tendency

It is possible that regardless of whom the appraiser evaluates and what traits are used, the pattern of evaluation remains the same. It is also possible that the evaluator's ability to appraise objectively and accurately has been impeded by a failure to use the extremes of the scale, that is, central tendency. Central tendency is the reluctance to make extreme ratings (in either directions); the inability to distinguish between and among rates; a form of range restriction.

6. Recency vs. Primacy Effect

Recency refers to the proximity or closeness to appraisal period. Generally an employee takes it easy for the whole year and does little to get the punishment. However, comes appraisal time, he becomes very active. Suddenly there is an auraof efficiency, files move faster, tasks are

taken seriously and the bosses are constantly appraised of the progress and problems. All this creates an illusion of high efficiency and plays a significant role in the appraisal decisions. The supervisor gets railroaded into believing that the employee is alert and hence, rates him high. In reality though it refers only to his two to three month's performance.

The opposite of recency is primacy effect. Here the initial impression influences the decision on year end appraisal irrespective of whether the employee has been able to keep up the initial impression or not. First impression is the last impression is perhaps the most befitting description of this error.

6.10   EFFECTIVE PERFORMANCE APPRAISAL

The issues raised above essentially focus on the problems of reliability and validity of performance appraisal. In other words, how do we know whether what is appraised is what was supposed to be appraised. As long as appraisal format and procedure continues to involve subjective judgment, this question cannot be fully answered and perhaps, will not be answered completely because no matter how objective a system is designed it will continue to be subjective. Perhaps, the following steps can help improve the system.

- The managers should be told that performance appraisal is an integral part of their job duties and that they themselves would be evaluated on how seriously they have taken this exercise.
- To help them do this task well, they should be provided systematic training on writing performance reports and handling performance interviews.
- Conduct job evaluation studies and prepare job descriptions/roles and develop separate forms for various positions in the organization.
- Design the system as simple as possible so that it is neither difficult to understand nor impossible to practice
- Generally after the appraisal interview the employee is left alone to improve his performance on the dimensions. The supervisor should monitor now and then whether the improvement in performance in the areas found weak is taking place or not and, if not, help the employee to achieve the required improvement.
- Finally, reviewing, the appraisal systems every now and then help updating it, and making suitable evolutionary changes in it. This is the most important factor in making performance appraisal effective. As time passes changes in technology and work environment

necessitate changes in tasks, abilities and skills to perform these tasks. If changes in the format are not incorporated the reports may not generate the kind of date needed to satisfy appraisal objectives.

In addition, following can also help in improving the effectiveness of an appraisal:

a) Behaviourally Based Measures

The evidence strongly favours behaviorally based measures over those developed around traits. Many traits often considered to be related to good performance may, in fact have little or no performance relationship. Traits like loyalty, initiative, courage, reliability, and self-expression are intuitively appealing as desirable characteristics in employees. But the relevant question is, Are individuals who are evaluated as high on those traits higher performers than those who rate low? Traits like loyalty and initiative may be prized by managers, but there is no evidence to support that certain traits will be adequate synonyms for performance in large cross-section of jobs. Behaviourally derived measures can deal with this objection. Because they deal with specific examples of performance-both good and bad, they avoid the problem of using inappropriate substitutes.

b) Ongoing Feedback

Employees like to know how they are doing. The annual review, where the manager shares the subordinates' evaluations with them, can become a problem. In some cases, it is a problem merely because managers put off such reviews. This is particularly likely if the appraisal is negative. The solution lies in having the manager share with the subordinate both expectations and disappointments on a day-today basis. By providing the employee with frequent opportunities to discuss performance before any reward or punishment consequences occur, there will be no surprises at the time of the annual formal review. In fact, where ongoing feedback has been provided, the formal sitting down step should not be particularly traumatic for either party.

c) Multiple Raters

As the number of raters increase, the probability of attaining more accurate information increases. If rater error tends to follow a normal curve, an increase in the number of raters will tend to find the majority congregating about the middle. If a person has had ten supervisors, nine having rated him or her excellent and one poor, we can discount the value of the one poor evaluation.

d) Peer Evaluations

Periodically managers find it difficult to evaluate their subordinates' performance because they are not working with them every day. Unfortunately, unless they have this information, they may not be making an accurate assessment. One of the easiest means is through peer evaluations. Peer evaluations are conducted by employees' co-workers, people explicitly familiar with the jobs involved mainly because they too are doing the same thing, they are the ones most aware of co-workers' day to-day work behaviour and should be given the opportunity to provide the management with some feedback.

The main advantages to peer evaluation are that (a) there is tendency for co-workers to offer more constructive insight to each other so that, as a unit, each will improve; and (b) their recommendations tend to be more specific regarding job behaviours-unless specificity exists, constructive measures are hard to gain.

SUMMARY

Performance appraisal is concerned with setting objectives for individuals, monitoring progress towards these objectives on a regular basis in our atmosphere of trust and cooperation between the appraiser and the appraisee. Well-designed appraisal systems benefit the organisation, managers and individuals in different ways and need to fulfil certain key objectives if they are to be successful. Appraisal systems should be designed to focus employees on both their short and long-term objectives and career goals. It is also important to be aware of the problems associated with performance appraisal systems.

❖ **CHECK YOUR PROGRESS**
- Explain the Performance Appraisal System. Either suggest improvements to an existing appraisal system in your organisation or design an appraisal system which would meet the objectives outlines in this chapter.
- Describe the 360 degree appraisal with the help of examples.
- Write short notes of:
  - Management by objectives
  - Behaviourally Anchored Rating Scale
  - Performance Counselling

Experiential Exercise: Grading the Professor
1. Students should develop their own tool for appraising the performance of an instructor. Look for them to apply concepts discussed in this chapter.

2. Students should present their tools to the class. How similar are the tools? Do they all measure about the same factors? Which factor appears most often? Which do you think is the most effective tool? Encourage students to reflect on the factors that they chose, or did not choose.

The class should select the top 10 factors from all of the appraisal tools presented to create what the class perceives to be the most effective tool for appraising the performance of the instructor. Share your perspective on what makes a good teacher.

Application Case: Appraising the Secretaries at Sweetwater U

1. **Do you think that the experts' recommendations will be sufficient to get most of the administrators to fill out the rating forms properly? Why? Why not? What additional actions (if any) do you think will be necessary?** While controversial, the recommendations would, in fact, encourage administrators to fill the forms out correctly. Using the more detailed form and not tying the performance ratings to salary increases would allow the managers to feel freer about rating the secretaries accurately. There would, however, need to be some strong training sessions (both for administrators and secretaries) to help them understand the new system. Since all secretaries have traditionally received the same salary increases, and have been pleased with that, it would be advisable to consider lowering the maximum increase to an amount that could be given to all secretaries while staying within budget. Then all secretaries with a satisfactory rating or better would receive that increase.

2. **Do you think that Vice President Winchester would be better off dropping graphic rating forms, substituting instead one of the other techniques we discussed in this chapter such as a ranking method? Why?** Certainly other methods could be used. He has already had a taste of what would result if he went to a forced distribution or other ranking method. A BARS system might be best, but it could be costly to develop if the clerical staff has positions that are significantly different.

3. **What performance appraisal system would you develop for the secretaries if you were Rob Winchester? Defend your answer.** If the development costs are not too great, the BARS system would give the strongest solution to the current situation. The behavioral anchors would make it more difficult to just rate everyone at the top. It would also help to eliminate the different interpretations of what the rating scales mean.

Continuing Case: Carter Cleaning Company: The Performance Appraisal

1. **Is Jennifer right about the need to evaluate the workers formally? The managers? Why or why not?** Based on the information presented in the chapter, the students need to determine if the workers and managers should be evaluated formally or informally, and the need to provide reasons for their decision.

2. **Develop a performance appraisal method for the workers and managers in each store.** The students need to be familiar with different appraisal methods discussed in the chapter. They should use the sample appraisal forms given in the chapter as guides.

Translating Strategy into HR Policies and Practices Case: The Hotel Paris

The New Performance Appraisal System – In this case, HR manager Lisa Cruz must develop a performance appraisal system that supports company competitive strategies.

1. **Pick out one job, such as front desk clerk. Based on any information you have (including job descriptions you may have created in other chapters), write a list of duties, competencies, and performance standards for that chosen job.**

    Answers should include competencies that will help Hotel Paris become more service oriented. Use examples from the case itself, such as ‒ability to check a guest in or out in five minutes or less, to get the class started. Discuss what has made students happy or unhappy when checking into a hotel, or in seeking other services.

2. **Based on that, create a performance appraisal form for appraising that job.**

    There are samples in the text. If possible, before class ask students to bring sample performance appraisal forms in to class, either from jobs they have held or samples from the Internet. Suggest combining graphic rating scales with use of the critical incident method to improve on-going coverage of employee performance. Also stress that a once-yearly formal appraisal will not be sufficient unless it is supplemented by regular verbal feedback.

1) Which of the following terms refers to the process of evaluating an employee's current and/or pastperformance relative to his or her performance standards?
A) recruitment
B) employee selection
C) performance appraisal
D) employee orientation
E) organizational development   **Answer: C**

2) The primary purpose of providing employees with feedback during a performance appraisal is tomotivate employees to.
A) apply for managerial positions
B) remove any performance deficiencies
C) revise their performance standards
D) enroll in work-related training programs
E) change their peer evaluation procedures
   Answer: B

3) Which of the following is NOT one of the recommended guidelines for setting effective employeegoals?
A) assigning specific goals
B) assigning measurable goals
C) assigning challenging but doable goals
D) administering consequences for failure to meet goals
E) encouraging employees to participate in setting goals
   Answer: D

4) SMART goals are best described as_____.
A) specific, measurable, attainable, relevant, and timely
B) straightforward, meaningful, accessible, real, and tested
C) strategic, moderate, achievable, relevant, and timely
D) specific, measurable, achievable, relevant, and tested
E) supportive, meaningful, attainable, real, and timely
   Answer: A

5) All of the following are reasons for appraising an employee's performance EXCEPT_____.
A) assisting with career planning
B) correcting any work-related deficiencies
C) creating an organizational strategy map
D) determining appropriate salary and bonuses

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E) making decisions about promotions
 Answer: C

6) In most organizations, which of the following is primarily responsible
    for appraising an employee'sperformance?
A) employee's direct supervisor
B) company appraiser
C) human resources manager
D) EEO representative
E) employee's subordinates
 Answer: A
Explanation: The supervisor—not HR—usually does the actual appraising, and a supervisor who rateshis or her employees too high or too low (or all average) is doing a disservice to them and to the company. Subordinates rate supervisors in some organizations, but the upward feedback is not the primary appraisal of the supervisor.

7) Which of the following is most likely NOT a role played by the HR
 department in the performanceappraisal process?
A) conducting appraisals of employees
B) monitoring the effectiveness of the appraisal system
C) providing performance appraisal training to supervisors
D) ensuring the appraisal system's compliance with EEO laws
E) giving advice to supervisors about the proper appraisal tools to use
 Answer: A

8) What is the first step in the appraisal process?
A) giving feedback
B) defining the job
C) administering the appraisal tool
D) making plans to provide training
E) analyzing an employee's progress **Answer: B**

9)   When designing an actual appraisal method, the two basic
considerations are_____.
A) who should measure and when to measure
B) when to measure and what to measure
C) what to measure and who should measure
D) what to measure and how to measure
E) when to measure and how to measure
Answer: D

Explanation: The two basic questions in designing the actual appraisal tool are what to measure and how to measure it. For example, in terms of what to measure, we may measure the employee's performance in terms of generic dimensions or with respect to achieving specific goals. In terms of how to measure it, there are various methodologies, including graphic rating scales, the alternation ranking method, and "MBO." Who should do the appraisal and when are less critical issues to address.

10) Which of the following is the easiest and most popular technique for appraising employee performance?
A) alternation ranking
B) graphic rating scale
C) Likert
D) MBO
E) constant sum rating scale   **Answer: B**

11) Which performance appraisal technique lists traits and a range of performance values for eachtrait?
A) behaviorally anchored rating scale
B) graphic rating scale
C) forced distribution
D) narrative assessment
E) critical incident
Answer: B

Explanation: A graphic rating scale lists traits (such as "quality and reliability" or "teamwork") and a range of performance values (from "unsatisfactory" to "outstanding," or "below expectations" to "role model") for each trait. The supervisor rates each subordinate by circling or checking the score that best describes the subordinate's performance for each trait. The assigned values for the traits are then totaled.

12) Rao Consulting is a management consulting firm with seventy employees. As associate vice president of marketing, Suzanne is responsible for conducting performance appraisals of the twelve employees under her direct supervision. Suzanne plans to use a graphic rating scale to evaluate the performance of her subordinates.

Which of the following, if true, best supports the argument that a graphic rating scale is the most appropriate performance appraisal tool for Suzanne to use?
A) The firm wants Suzanne to evaluate her subordinates on an ongoing basis and to keep a log ofcritical incidents.

B) Employees in Suzanne's department who are categorized in the bottom 10% of the firm'semployees will be immediately dismissed.

C) Suzanne wants to ensure that the firm is protected from employee discrimination lawsuits, so she has conducted a job analysis of each position.

D) Suzanne wants a quantitative rating of each employee based on competencies important to thefirm, such as problem-solving skills.

E) Employees in Suzanne's department participated in developing their own performance standardswhen they were first hired by the firm.

Answer: D

13) All of the following are usually measured by a graphic rating scale EXCEPT_____.

A) generic dimensions of performance
B) performance of actual duties
C) performance of co-workers
D) achievement of objectives
E) job-related competencies

Answer: C

14) Which performance appraisal tool requires supervisors to categorize employees from best to worston various traits?

A) digital dashboard
B) graphic rating scale
C) critical incident method
D) alternation ranking method
E) electronic performance monitoring

Answer: D

Explanation: The alternation ranking method involves ranking employees from best to worst on aparticular trait, choosing highest, then lowest, until all are ranked. A graphic rating scale

lists a number of traits and a range of performance for each. The employee is then rated by identifying the score that best describes his or her level of performance for each trait.

15) The most popular method for ranking employees is the ____method.

A) graphic ranking scale
B) constant sum ranking scale
C) alternation ranking
D) paired comparison
E) forced distributionAnswer: C

Explanation: It is usually easier to distinguish between the worst and best employees, and the alternation ranking method is the most popular choice for supervisors. Paired comparison and forceddistribution are less popular methods for ranking employees from best to worst on a trait or traits. A graphic rating not ranking scale is a popular appraisal tool.

16) Kavi needs to rate five of her subordinates. She makes a chart of all possible pairs of employeesfor each trait being evaluated. Then, she indicates the better employee of each pair with a positive symbol on the chart. Finally, she totals the number of positive symbols for each employee. Which method of performance appraisal has Kavi most likely used?
A) comparison ranking scale
B) graphic ranking scale
C) alternation ranking
D) paired comparison
E) forced distribution   **Answer: D**

17) Which performance appraisal tool is being used when a supervisor places predeterminedpercentages of rates into various performance categories?
A) behaviorally anchored rating scale
B) graphic ranking scale
C) alternation ranking
D) paired comparison
E) forced distribution   **Answer: E**

18) Arun, the supervisor of the manufacturing department at a computer firm, is in the process of evaluating his staff's performance. He has determined that 15% of the group will be identified as highperformers, 20% as above average performers, 30% as average performers, 20% as below average performers, and 15% as poor performers. Which performance appraisal tool has John chosen to use?
A) behaviorally anchored rating scale
B) management by objectives
C) forced distribution
D) alternation ranking
E) paired comparison
   Answer: C

19) Which of the following measurement methods is similar to grading on a curve?
A) critical incident method
B) forced distribution

C) graphic rating scale
D) constant sums rating
E) behaviorally anchored rating scale
   Answer: B

20) Which of the following is one of the primary complaints regarding the use of the forceddistribution method for performance appraisals?
   A) difficult to implement
   B) harm to employee morale
   C) high costs of administration
   D) standardization of group sizes
   E) time consuming to administer
   Answer: B
   Explanation: The biggest complaints regarding the forced distribution method are that it damages morale, and it creates interdepartmental inequities. The tool is not difficult to implement, time consuming, or costly. Group sizes are determined by the firm.

21) When a supervisor must criticize a subordinate in an appraisal interview, it is most important forthe supervisor to__.
   A) limit negative feedback to once every year
   B) provide specific examples of critical incidents
   C) acknowledge the supervisor's personal biases in the situation
   D) hold the meeting with other people who can document the situation
   E) surprise the employee so he or she cannot develop excuses for poor performance
   Answer: B

   Explanation: When you must criticize, it should be done privately and should include examples of critical incidents and specific suggestions of what to do and why. Avoid once-a-year "critical broadsides" by giving feedback periodically, so that the formal review contains no surprises. Criticismshould be objective and free of personal bias.

22) When an employee's performance is so poor that a written warning is required, the warning should_.
   A) identify the standards by which the employee is judged
   B) provide examples of employees who met the standards
   C) be mailed to the employee and to an EEOC representative
   D) provide examples of times when the employee met the standards
   E) be written by a labor law attorney in accordance with federal guidelines

Answer: A

Explanation: Written warnings should identify the employee's standards, make it clear that the employee was aware of the standard, specify any deficiencies relative to the standard, and show the employee had an opportunity to correct his or her performance.

23) Based on corporate surveys, which of the following is a true statement?
A) Very few employers require any type of performance appraisal.
B) Very few employers conduct performance appraisals on an annual basis.
C) Most employers require a review and feedback session during the appraisal process.
D) Most employers use behaviorally anchored rating scales for performance appraisals.
E) Most employers link performance appraisals to employee pay raises and bonuses.

Answer: C

Explanation: In one survey, about 89% of 250 Society for Human Resource Management (SHRM) members reported they required performance appraisals for all their employees. None of those responding used behaviorally anchored rating scales. Eighty percent conduct annual evaluations; most of the rest do semiannual appraisals, and 92% require a review and feedback session as part of the appraisal process. A second survey found that of 100 large organizations, 60% do not link appraisals to pay raises, and 68% say they don't even link the appraisals to determining other rewards, such as bonuses.

24) Why is it important for a manager to appraise a subordinate's performance? How can a manager handle a subordinate who is defensive when told that his or her performance is poor?

Answer: There are four reasons for conducting performance appraisals. First, appraisals play an integral role in the performance management process. Second, it lets the manager and subordinate develop a plan for correcting any deficiencies that might exist and to reinforce and support things that are done well. Third, appraisals can serve a useful career planning purpose by providing the opportunity to review the employee's career plans in light of his or her strengths and weaknesses.

Finally, the appraisal usually plays a part in salary and promotion decisions. When a supervisor tells someone his or her performance is poor, the first reaction is often denial. Denial is a defense mechanism. Understanding and dealing with defensiveness is an important appraisal

skill. A supervisor should recognize that defensive behavior is normal and never attack a person's defenses. A supervisor should postpone action because given sufficient time, a more rational reaction may take over. A supervisor should not try to be a psychologist. Offering understanding is one thing; trying to deal with psychological problems is another.

25) In a brief essay, describe the three steps in the performance appraisal process.

Answer: The performance appraisal process itself contains three steps: 1) define the job, 2) appraise performance, and 3) provide feedback. Defining the job means making sure that the manager and employee agree on his or her duties and job standards. Appraising performance means comparing the employee's actual performance to the standards that have been set. Finally, the performance appraisal process requires one or more feedback sessions. In these sessions, the manager and employee discuss the employee's performance and progress and make plans for any development required.

26) What are the four job-relevant dimensions that can be measured by the graphic-rating scale method of performance appraisal? What problems are associated with graphic-rating scales?

Answer: The employer may measure generic dimensions of performance such as quantity or quality of work. The performance appraisal may focus on the job's actual duties and assess how well the employee did in exercising his or her specific job duties. Competency-based appraisals focus on the extent to which the employee exhibits the competencies that the employer values. The employer could also appraise the employee based on the extent to which he or she is achieving his or her objectives. Graphic-type rating scales in particular are susceptible to several problems: unclear standards, halo effect, central tendency, leniency or strictness, and bias.

27) In a brief essay, describe the forced distribution method. What are the advantages and disadvantages of the forced distribution method?

Answer: The forced distribution method is similar to grading on a curve. With this method, you place predetermined percentages of rates into several performance categories. The proportions in each category need not be symmetrical; GE used top 20%, middle 70%, and bottom 10% for managers. The advantage of the method is that you end up with a predetermined number of people in each group. The disadvantage is that employees' appraisal results depend on your choice of cutoff points.

28) What is a behaviorally anchored rating scale (BARS)? How would a manager develop a BARS? Answer: A behaviorally anchored rating scale is a rating scale that is anchored with specific behavioral examples of good or poor performance. Because of the anchors, which are based on the dimensions of performance illustrated by critical incidents, a BARS combines the benefits of narratives, critical incident, and quantified scales. There are five steps required for developing a BARS. Each step is explained below.

- Step 1: Generate critical incidents. In this step, people who know the job are asked to describe specific illustrations of effective and ineffective performance.
- Step 2: Develop performance dimensions. The people who know the job are then asked to cluster the incidents into a smaller set of performance dimensions and to define each dimension with a name.
- Step 3: Reallocate incidents. Another group of people, who also know the job, should reallocate the original critical incidents. They will receive the cluster definitions and the list of critical incidents. They will then reassign each incident into the cluster they think it fits best. If the assignments made by the first group and second group match well, then that critical incident is retained.
- Step 4: Scale the incidents. The second group then rates the behavior described by the incident as to how effectively or ineffectively it represents performance on the dimension.
- Step 5: Develop a final instrument. Six or seven of the incidents as the dimension's behavioralanchors.

29) Describe the four basic types of appraisal interviews.

Answer: The first type of appraisal interview is the satisfactory-promotable appraisal interview. This occurs when the person's performance is satisfactory and there is a promotion ahead. The objective isto discuss the person's career plans and to develop a specific action plan for the educational and professional development the person needs to move to the next job.

The second type of interview is the satisfactory-not promotable appraisal interview. This is for employees whose performance is satisfactory but for whom promotion is not possible. The objective is to maintain satisfactory performance. The best option is to find incentives that are important to theperson.

The third type of interview is the unsatisfactory but correctable interview. In this situation, theobjective is to develop an action plan for correcting the unsatisfactory performance.

The final type of interview is the unsatisfactory-uncorrectable interview. In this situation, the interview may even be skipped. The person's poor performance is tolerated or the person is dismissed.

30) What are the guidelines that supervisors should follow to hold effective appraisals and minimize problems like bias and halo effects? How can rating committees improve the fairness of the appraisal process?

Answer: The first technique is to learn and understand the potential problem and possible solutions. Simply understanding the potential for the problem can help to avoid it. Second, using the right appraisal tool for each situation is important. Third, supervisors can keep a diary of critical incidents to file and use for later reference for subordinate's appraisals. This technique helps to ensure that both negative and positive incidents are recorded. Fourth, make sure that the primary goal of the appraisal is to improve unsatisfactory performance or reinforce exemplary performance. Finally, the appraisal should be fair. Many employers use rating committees. These committees usually contain the employee's immediate supervisor and two or three other supervisors. Using multiple raters makes sense. Although there may be discrepancies among ratings by individual supervisors, the composite ratings tend to be more reliable, fair, and valid. Using several raters can also help cancel out problems like bias and halo effects.

KEYWORD

Performance appraisal	Evaluating an employee's current and/or past performance relative to his or her performance standards.
Graphic rating scale	A scale that lists a number of traits and a range of performance for each. The employee is then rated by identifying the score that best describes his or her performance for each trait.
Alternation ranking Method	Ranking employees from best to worst on a particular trait, choosing highest, then lowest, until all are ranked.
Paired comparison Method	Ranking employees by making a chart of all possible pairs of the employees for each trait and indicating which is the better employee of the pair.
Forced distribution Method	Similar to grading on a curve; predetermined percentages of rates are placed in various

	performance categories.
Critical incident method	Keeping a record of uncommonly good or undesirable examples of an employee's work-related behavior and reviewing it with the employee atpredetermined times.
Behaviorally anchored Rating Scale (BARS)	An appraisal method that aims at combining the benefits of narrative and quantified ratings by anchoring a quantified scale with specific narrative examples of good and poor performance.
Electronic performance Monitoring (EPM)	ically monitor the amount of computerized data an employee is processing per day, and thereby his or herperformance.
Unclear standards	An appraisal scale that is too open to interpretation.
Halo effect	In performance appraisal, the problem that occurs when a supervisor's rating of a subordinate on one trait biases the rating of that person on other traits.
Central tendency	A tendency to rate all employees the same way, such as rating them allaverage.
Strictness/leniency	The problem that occurs when a supervisor has a tendency to rate all subordinates either high or low.
Bias	The tendency to allow individual differences such as age, race, and sex to affect the appraisal rates these employees receive.
Appraisal interviews	An interview in which the supervisor and subordinate review the appraisal and make plans to remedy deficiencies and reinforce strengths.
Performance management	Managing all elements of the organizational process that affect how well employees perform.

EMPLOYEE RETENTION

7.1 Introduction Case

7.2 Reduction in Force

7.3 Strategic Downsizing at Charles Schwab

7.4 Turnover

7.5 Strategic Retention at United Airlines

   ❖ **CHECK YOUR PROGRESS**

Learning Objectives of the Unit
• Understand the importance of proactive management of employee separation;
• Examine the alternatives employers have when considering large-scale layoffs or reductions inforce;
• Gain a sense of the costs of turnover and how to manage turnover strategically;
• Appreciate the factors that influence retirement and how employers can actively and strategicallymanage this process;
• Understand the function of and processes associated with employee retention and its criticalrole in strategic human resource management.

7.1 INTRODUCTION CASE

Retention Management at Kraft Foods

Information technology (IT) is one of the most difficult areas for organizations to staff. The short supply of trained, experienced workers coupled with the increasingly strong demand has presented almost limitless career opportunities for IT professionals. Most large organizations experience annual turnover in the 20 percent range. Kraft Foods, however, has developed a retention program that has resulted in the reduction of the turnover rate of its nearly 1,000 full- time IT professionals to a staggering 5 percent.

The program Involved Kraft's chief Information officer (CIO) partnering with human resource (HR) to help HR understand the unique challenges being faced by IT. Kraft's retention program involves more than just the standard attractive stock options; it involves a holistic and integrated set of HR programs. Many of Kraft's IT professionals have come directly from its college Internship program. Interns are given early responsibility for learning different technologies and are held accountable for rigorous performance outcomes early on. Seventy percent of IT interns who are offered permanent jobs accept.

Once hired on a permanent basis, employees are expected to engage in an objectives- based management system. Managers are specially trained to provide ongoing feedback and conduct developmental performance feedback sessions. Employees are allowed to pur- sue one of two career tracks within IT: technical or managerial. To assist with development, an intranet site provides learning tutorials, links to job postings, formal training courses, and both division and functional area Web sites that discuss competencies required in these areas. Consequently, employees are allowed to develop a plan for career development within Kraft. IT employees are further encouraged to devote 10 working days per year exclusively to career development pursuits. In addition to in-house development opportunities, a tuition reimbursement plan is

offered for outside programs of study. Employees also become part of the IT Leadership Program, where junior employees are paired with an executive mentor. The one-year program involves about 30 days of joint work activities and provides additional exposure to leadership and technology issues.

Probably most importantly, IT employees at Kraft note that the top reason they stay is the sense of family they find at work. Ideas are solicited and accepted from every level in the organization, and inclusion is a strong company value. Kraft also understands the needs of its younger workers who populate the IT division. It offers flexible hours, telecom- muting and part-time work options, a casual dress code, and a new campus that includes a company store and an onsite health club.

Organizations can expect continuing pressure to change and adapt. Societal changes affecting lifestyles, technology, and the economy create threats and opportunities for nearly all organizations. The organization of yesterday that was able to serve the same customers in the same markets, use the same production technology, and operate in a relatively stable

domestic economic landscape no longer exists Profitable markets invite entry of new competitors; techno-logical changes in production impact efficiency; lifestyle changes alter preferences for certain types of products and services; and economic decisions must be made within a global context.

Contemporary organizations that wish to remain competitive need to be flexible and responsive to their environments. These organizations must develop ways to deal with increasing skill obsolescence among their employees and the labor market in general; they must also consider alternative forms of organization structure due to downsizing operations, selling off subsidiaries, and merger and acquisition options. From an HR perspective, this often involves employee training and development. In an increasing number of scenarios, however, the organization must strategically analyze its workforce and objectives and make decisions to sever relationships with employees. Similarly, employees today spend less time with individual employers than workers did in the past and make a greater number of career changes during their working years. Personal lifestyle decisions, opportunities with other organizations, and entrepreneurial motivations are causing many employees to leave their organizations. The pressure to remain competitive and efficient—coupled with the fact that employees are less committed to individual employers than in the past—makes the process of employee separation a key strategic issue for organizations. An effective HR strategy involves managing the process by which employees leave the organization, regardless of whether such departure is by the employer's or employee's choice. Organizations can manage this separation process to ensure that transitions are smooth for both employers and employees, that operations are not disrupted, and that important professional relationships are not damaged. The three major ways that employees leave the organization are through reductions in force (initiated by the employer), turnover (initiated by either the employer or employee), or retirement. Organizations should have strategies for managing each form of separation.

7.2   REDUCTION IN FORCE

Reductions in force or employee layoffs are attempts by employers to reconfigure their workforces. Reductions in force are becoming increasingly common in nearly all industries and are often caused by organizational restructuring following merger or acquisition activity. A reduction in force is sometimes used to make an organization more

competitive by reducing costs.

Organizations reduce the size of their workforces for three main reasons: inefficiency, lack of adaptability in the marketplace, and a weakened competitive position within the industry. In all regards, efficiency is a major driving force: In many organizations, labor or payroll is one of the largest expenses. This is particularly true in service organizations, which are making up an increasingly significant portion of our economy and gross national product (GNP). Efficiency is sought by attempting to reduce labor costs and accomplishing more work with fewer individuals by redesigning work processes. Interestingly, an organization's stock price often skyrockets when layoffs are announced. Such decisions create expectations among investors of improved short-term financial performance. Employers who conduct layoffs often provide affected employees with 60 days' notice and immediately relieve them of their job duties. The employees remain on the payroll for two months but are able to use the two-month period to adjust, seek new employment, and transition out of the organization. This not only assists the employee in his or her transition and job search, but it also helps to ensure that laid off employees will be less likely to file for unemployment compensation insurance. State unemployment compensation insurance programs are funded by employers, with the percentage rate determined by the use of the funds by the employers' former employees. An employer who lays off a large number of employees who file for and collect unemployment compensation will have to reimburse the compensation insurance program proportionately.

To facilitate the transition (and ensure that their unemployment insurance payments remain lower), many organizations implement outplacement programs for laid-off employees. Outplacement services, which may be conducted in-house or contracted to an external vendor, not only help laid-off employees land on their feet but also serve as a public relations tool: These services help to retain the support and goodwill of remaining employees by making them feel that the organization will look out for them if future reductions are necessary. In addition to helping maintain the morale and motivation of remaining employees, outplacement programs reduce the risk of litigation by disgruntled former employees. Layoffs can sometimes be avoided through proper planning. The main benefit of strategic HR planning is to ensure that supply and demand of employees are equated while avoiding the costs associated with severe overstaffing and understaffing. Effective HR planning in most instances can reduce or eliminate the need for any kind of large-scale reductions in force or layoffs. Regardless of the size of

the surplus, employers must identify the real reason for the excess number to deter- mine an appropriate response. This strategic perspective determines whether the surplus is expected to be temporary or permanent to assist in developing a plan of action with a corresponding time frame. For example, longer range surpluses can often be managed without the need for layoffs by utilizing hiring freezes, not replacing departing employees, offering early retirement incentives, and through cross-training of certain employees to allow them to develop skills that the organization anticipates needing. Short-run surpluses can be managed through loaning or sub- contracting employees, offering voluntary leaves, implementing across-the-board salary reductions, or redeploying workers to other functions, sites, or units.

Two more policy-oriented solutions to remedy overstaffing might involve (1) tying a greater portion of compensation to division or organization performance and/or (2) regularly staffing the organization at less than 100 percent and making up the difference with temporary employees or offering overtime. The former strategy creates a flexible or variable pay plan to control costs because payroll expenses are directly related to the organization's profitability. Therefore, over-staffing is somewhat less of a concern. The latter strategy creates a flexible or variable workforce that can be expanded or contracted to meet business needs and conditions. These strategies are summarized in Exhibit 1. As part of any layoff plan, an organization also needs to develop an appropriate strategy for managing the survivors. A key management challenge that is often overlooked is ensuring that the retained employees can adjust to the changes. It should not be assumed that these individuals will automatically be relieved (and thrilled) to have retained their jobs during the layoff and will still be motivated and productive. These individuals may feel less secure about the jobs they have retained; be asked to perform more work than previously without a corresponding increase in pay; have lost long-term friends and coworkers; and may have damaged morale and fear that they are vulnerable to future layoffs. Consequently, they may be less loyal to the employer and have strong incentives to leave the organization. Studies have shown that employees who survive layoffs have decreased morale, less commitment to their work environments, more negative

EXHIBIT I

Strategies for Managing Employee Surpluses and Avoiding Layoffs

LongRun	ShortRun	Policy
• ~~Hiring freezes~~	• ~~Loaning or~~ subcontracting labor	• ~~Greater percentage~~ of compensation tied to performance
• Attrition	• Voluntary leaves	• Staff at less than 100 percent
• Offer early retirement incentives	• Across-the-board salary reductions	
• Cross-training of employees	• Re-deploying employees	

attitudes toward their employers and higher turnover intention. The organization needs a separate strategy in addition to its layoff strategy to ensure that these retained employees remain com- mitted, loyal high performers. That strategy needs to include a comprehensive communication plan whereby management communicates openly and honestly with survivors to counterbalance the negative effects of the downsizing on employee attitudes toward the organization. Communication of the reasons for the downsizing as well as future plans and strategies can have a strong mitigating "damage control" effect on possible employee attrition. This is of critical importance to employers because retention of these employees and their levels of productivity will probably determine whether the organization will survive. Ironically, downsizing organizations often ignore this critical fact and assume that retained workers will be happy to still have their positions and work harder than ever. Reality has shown that nothing could be farther from the truth.

While the decision to lay off employees should usually be done as a "last resort," it is inevitable that sometimes an employer has no other choice. However, many layoff decisions by senior management are misguided and create additional problems for the organization. While the investment community may react to a layoff announcement with initial enthusiasm, the long term performance results are often disappointing. Unfortunately, too many layoffs are conducted as a short-term strategy to improve

financial performance rather than as strategic initiatives. The majority of organizations that have under- taken downsizing initiatives have failed to report any kind of increased efficiency, productivity, or profitability. A good deal of this failure has been attributed to poor management of the survivors of the downsizing, many of whom subsequently display behavior and attitudes that are dysfunctional to the organization's success. In addition, one study found that considerable costs result from unanticipated increases in voluntary turnover that follow layoffs. Post-downsizing turnover increases can be staggering as, on average, layoffs that reduce an employer's workforce by 1 percent generally result in a 31 percent increase in voluntary post- downsizing turnover rates.
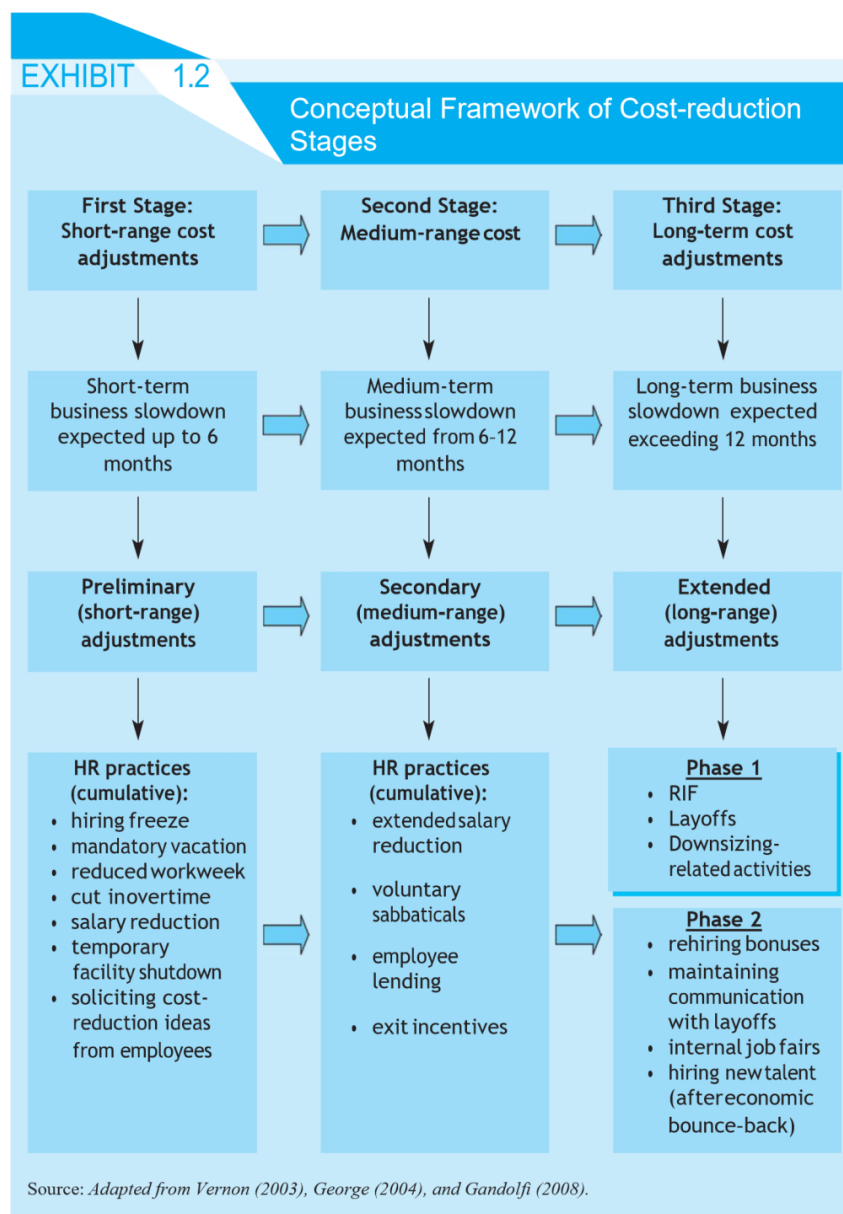
Studies have shown that layoff decisions rarely produced the sought-after financial outcomes. In addition more recent attention has been paid to the less-quantifiable human consequences of layoffs, which have been shown to be potentially devastating for individuals, their families, and entire communities. These effects provide additional support for the contention that while reductions in force may not be completely avoidable, they should be utilized as a last, rather than first, resort. Employers always have additional cost-reduction options available beyond layoffs and should weigh the pros and cons of such options in determining their overall strategy.

A framework is presented in Exhibit 1.2, which enables organizations to minimize, defer, or avoid any large-scale reductions in force, layoffs, or downsizing through the implementation of strategic cost-reduction strategies. Various strategic options are presented, which relate to short-, medium-, and long-range cost adjustments and allow employers to consider sequential stages that may be followed in leading up to or hopefully avoiding layoffs.

7.3 STRATEGIC DOWNSIZING AT CHARLES SCHWAB

San Francisco, California–based discount brokerage Charles Schwab was hit hard in the early 2000s by the downturn in the stock market. However, given the cyclical nature of the economy, it was likely that many workers who were no longer needed might be needed again in the undeterminable future. In March 2001, when the company laid off 3,400 employees, each received a transition package that consisted of 500–1,000 stock options, cash payments to cover COBRA costs for benefits continuation, a stipend of up to $20,000 to cover tuition for schooling, and a full range of outplacement services. More important, however, was the $7,500 bonus to be provided to any employee who was rehired within 18 months of

separation. This program greatly assisted in the quick rehiring of knowledgeable, trained employees when business improved, saved the organization a tremendous amount of money, and secured the goodwill of customers and remaining employees. Perhaps more important, when across-the-

board pay cuts of 5 percent for rank-and-file employees were announced, it was also announced that any manager at the vice-presidential level or higher would be receiving a 25 percent pay cut. Schwab was cited as a model responsible employer within the business community and continued to be one of the most sought-after employers in the country.

EXHIBIT 1.2 — Conceptual Framework of Cost-reduction Stages

First Stage: Short-range cost adjustments	Second Stage: Medium-range cost adjustments	Third Stage: Long-term cost adjustments
Short-term business slowdown expected up to 6 months	Medium-term business slowdown expected from 6-12 months	Long-term business slowdown expected exceeding 12 months
Preliminary (short-range) adjustments	Secondary (medium-range) adjustments	Extended (long-range) adjustments
HR practices (cumulative): • hiring freeze • mandatory vacation • reduced workweek • cut in overtime • salary reduction • temporary facility shutdown • soliciting cost-reduction ideas from employees	HR practices (cumulative): • extended salary reduction • voluntary sabbaticals • employee lending • exit incentives	**Phase 1** • RIF • Layoffs • Downsizing-related activities **Phase 2** • rehiring bonuses • maintaining communication with layoffs • internal job fairs • hiring new talent (after economic bounce-back)

Source: *Adapted from Vernon (2003), George (2004), and Gandolfi (2008).*

7.4 TURNOVER

Employees who leave the organization at the organization's request (involuntary turnover) as well as those who leave on their own initiative (voluntary turnover) can cause disruptions in operations, work team dynamics, and unit performance. Both types of turnover create costs for the organization. In some cases, these costs may be short term but have longer-term benefits; in other cases, the costs may be significant and longer lasting. Costs of turnover include the direct economic costs of staffing and training new hires as well as the indirect costs of the downtime needed for the new employee to gain proficiency in his or her job and to become fully socialized and integrated into the organization. In addition, those responsible for training the new employee are pulled away from their regular job responsibilities. If an organization has made significant investment in training and developing its employees, that investment is lost when employees leave. Excessive turnover can also impact the morale of employees and the organization's reputation as being a good place to work, which makes retention and recruitment more challenging and time consuming.

The economic costs of turnover can be staggering. In Chapter 8, it was noted that one technology company calculated turnover costs to average $200,000 per employee.[15] Merck and Company, the pharmaceutical giant, has estimated that its turnover costs are between 150 percent and 250 percent of the employee's annual salary. Sears, Roebuck estimated that turnover among its retail sales staff amounted to $110 million annually, which constituted 17 percent of its operating income.[17] Sears also found a strong negative correlation between employee turnover and customer satisfaction. Merck and Sears are not alone; most large employers suffer from excessive turnover costs. A recent survey found that at companies with more than 1,000 employees, annual voluntary resignations averaged 21 percent. For employers with more than 5,000 employees, the rate climbed to 26 percent.

Turnover can, however, be beneficial. It can allow the organization to hire new employees with more current training who are not locked into existing ways of doing things. Fresh ideas from outsiders can be critical to organizations that have become stagnant and are in need of innovation. Turnover can also lower the average tenure of employees and translate into lower payroll expenses. Turnover also affords opportunities to promote talented, high performers. Finally, when poor performers or disruptive employees leave the organization, morale can improve among coworkers.

It may be assumed that voluntary turnover generally provides more costs

than benefits and that involuntary turnover is beneficial for the organization from a cost perspective. Both these assumptions are often false. First, voluntary turnover may allow the organization to find an even better performer than the employee who left, possibly at a lower salary. Second, involun- tary turnover often results in much higher costs than training or counseling an employee with performance deficiencies. These and other commonly held assumptions about turnover are addressed in Reading 1.1, "Retaining Talent: Replacing Misconceptions With Evidence-Based Strategies," which uses evidence-based research practices to more clearly explain the causes and sources of turnover.

Both voluntary and involuntary turnover can be managed strategically to allow the organization to maximize the benefits of turnover and minimize the costs incurred with the process. Exhibit 1.3 presents a Performance-Replaceability Strategy Matrix that was developed by Martin and Bartol as a tool to allow organizations to manage turnover strategically. The model on which this matrix is based argues that turnover in organizations, while unavoidable, can be strategically managed to allow organizations to minimize the disadvantages of turnover and maximize its advantages.

Martin and Bartol have classified turnover as being functional (beneficial) or dysfunctional (problematic) for an organization. Whether turnover is functional or dysfunctional depends on two factors: the individual employee's performance level and the difficulty the organization would have replacing the individual. In Exhibit 1.3, replaceability is depicted on the X axis and performance level on the Y axis. Each of the six cells is then classified as resulting in functional or dysfunctional turnover, and appropriate strategies for managing employees who fit into each of the cells are provided. Clearly, the more dysfunctional the turnover, the greater the attention that will be required by management to retain the employee. Retention strategies for such employees might involve additional career development opportunities, incentive compensation that rewards high performance, or innovative benefits that are tailored to the needs of the employee. Regardless of the performance level, backups should be developed by the organization for any employees who would be difficult to replace. Ideally, the strategy for managing turnover involves keeping high performers rewarded through innovative compensation and recognition and reward programs while engaging in HR planning to

The Performance-Replaceability Strategy Matrix

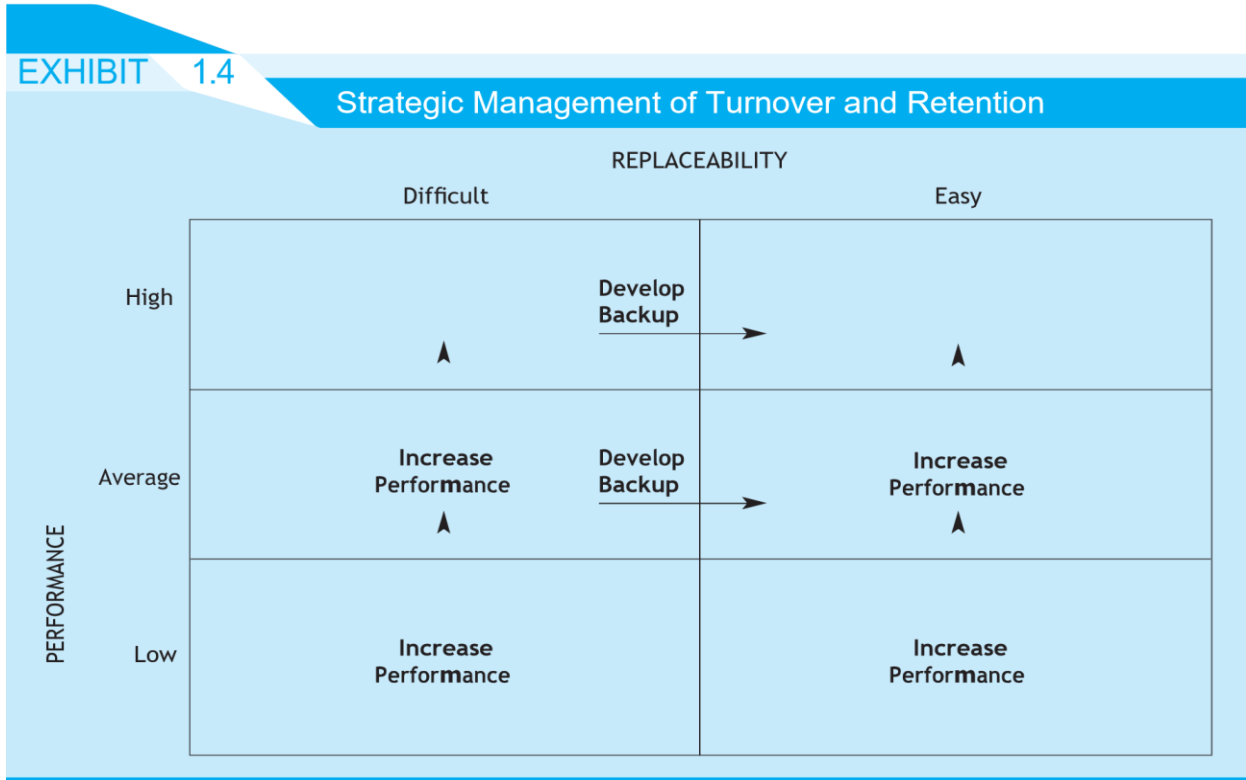|		REPLACEABILITY	
		Difficult	Easy
PERFORMANCE	**High**	High performers—difficult to replace Highly Dysfunctional Turnover Retain/invest in employee: develop backups	High performers—easy to replace Dysfunctional Turnover Retain/invest in employee
	Average	Average performers—difficult to replace Dysfunctional Turnover Retain/provide performance incentives: develop backup	Average performers—easy to replace Dysfunctional Turnover if Replacement Costs Are High Retain/provide performance incentives
	Low	Poor performers—difficult to replace Short-Term Dysfunctional/Long-Term Functional Turnover Improve performance or terminate: develop backup	Poor performers—easy to replace Functional Turnover Improve performance or terminate

Source: *Adapted from Martin, David C. and Bartol, Kathryn M.* "Managing Turnover Strategically' Personal Administrator," *Volume 30, #11, November 1985, p. 63.*

ensure that as few employees as possible occupy positions that will make them difficultto replace.

Exhibit 1.3 presents the eventual outcomes of a successfully managed employee turnover and retention program. All employees whose turnover would be disruptive would be reclassified as easy to replace once appropriate backups had been trained. At the same time, performance incentives and counseling should be provided to low performers to encourage and motivate them to become average performers. Similar incentives should be provided to average performers to encourage and motivate them to become high performers. If these lower performers do not improve in time, they should be terminated.

In cases of involuntary turnover or termination, employers need to have a strategy and standard policy that, if followed, would allow the employer to defend a charge of wrongful termination. In recent years, courts have been increasingly open to hearing complaints that an employer violated the public policy exception to employment at will, as discussed in Chapter 7. Although there may be no legal responsibility to continue to employ individuals, many courts have found that employers have an ethical

responsibility to discharge employees only for just cause. Consequently, employers who discharge their employees should have strong evidence of just cause that has been documented and communicated to the employee over time. Otherwise, the employer could incur significant costs in defending itself against the charges or face negative publicity and

EXHIBIT 1.4 Strategic Management of Turnover and Retention

REPLACEABILITY

	Difficult		Easy
High		Develop Backup →	↑
		↑	
Average	Increase Performance	Develop Backup →	Increase Performance
	↑		↑
Low	Increase Performance		Increase Performance

PERFORMANCE

dissension among the ranks of its employees. The Martin and Bartol model argues that the organization's goal should not necessarily be to reduce all turnover but to reduce dysfunctional turn- over by developing appropriate HR programs and policies.

Retention of top employees continues to be a vexing problem for a large number of employers. One study of HR professionals found that 75 percent of those surveyed reported that retention of high performers was the top HR problem they confronted.[21] A critical strategic issue for employers is the development of policies and programs that help retain high performers and/or those employees who are difficult to replace. It has been suggested that retention can be aided by using a customer-service approach whereby employers treat their best employees as they would treat their best customers, focusing on things like organizational culture, employee development opportunities, and enhanced supervisory relations. However, employer-provided training has been found to be associated with higher employee turnover due to

the enhanced marketability of employees with sought-after skills. Hence, any retention strategy must be strategic and holistic in design whereby, for example, enhanced employee training is coupled with other individually determined incentives that motivate employees to remain with the employer.

7.5   STRATEGIC RETENTION AT UNITED AIRLINES

United Airlines recently developed a "key employee retention program" that focuses on 600 workers identified as critical to the organization's efforts to emerge from bankruptcy. These individuals, who were employed in the organization's information services division, received a cash payment equal to 20 percent of their base pay. Because these individuals were deemed to have highly marketable skills, be highly expensive to replace, and be critical to United's survival objectives, United justified the payments even as other employees were being laid off. Turnover rates among these technical workers had risen to 11 percent, while the company's overall turnover rate stood at 7 percent. The plan, while popular with technical employees, was criticized by United's Association of Flight Attendants, which argued that the retention bonuses would come at the expense of other workers.

When attempting to retain talented employees and top performers, employers face competition not only from other organizations but also from the very employees they are attempting to retain. Particularly in service- and information-related industries, startup costs for new businesses are often relatively low, creating opportunities for employees to start their own organizations. The access to information, such as client lists and marketing and strategic plans, which many employees have in the course of doing their jobs can provide strong support for such endeavors. In addition, these employees may have also built strong relationships with customers that transcend loyalty to the organization on the part of both parties. The number of lawsuits that involve employee startup companies has increased greatly in recent years, and many employers now require employees to sign "noncompete" agreements. However, such noncompete agreements frequently are not seen as legally valid and binding. For example, the courts in California, a state with some of the highest startup activity, do not recognize any noncompete agreements. When an employee decides to engage in an entrepreneurial endeavor, an employer essentially has two ways in which it can respond: It can treat the new business as an adversarial competitor or it can attempt to enter into a partnership with the new enterprise.[25] Many large organizations, including Xerox, General Motors, Sun Microsystems, and

Microsoft, have been involved in the funding of new startup organizations created by their employees. Thisfunding, however, comes in exchange for some involvement with and control of the new enterprise.

Retention of employees, particularly in a strong employment market and for those employees who are top performers, can be a significant challenge for organizations. While many employersappropriately attempt to retain top employees by offering opportunities for growth and development, interesting work, a congenial work environment, and strong values-driven management, the reality is that many top performers still remain focused on their salary, particularly relative to the marketplace. Yet, in other cases, employees may be willing to stay with an employer at a lower salary than could be obtained elsewhere because of the non salary-related factors noted previously. The ultimate decision for an employee to voluntarily leave an organization is a function of whether (1) the inducements to stay are sufficiently attractive and (2) the ease with which the employee could depart and is willing to sever or rearrange personal and social networks estab- lished. A related factor could also be the transitions necessary for the employee's family, which might result from a decision to change employers. The significant challenge for employers in man- aging retention of top employees is the fact that different employees are motivated by different factors relative to their desire to stay with an employer. Hence, any retention program needs to be individualized based on the needs of the key employees who have been targeted for retention.

Smaller organizations face special challenges relative to retention of employees. Individuals who choose to work in small organizations generally do so for the unique benefits and challenges associated with small companies. Small companies offer a fast-paced work environment with less bureaucracy, near-constant change, less structure, constant interface with coworkers, including senior management, opportunities for growth and development, and the chance to shape a new organization's future. Small companies may also provide significant opportunities to share in the organization's future financial success, sometimes in tandem with a more modest starting salary. However, as smaller organizations become more successful, they change. Growth usually mandates more formality and bureaucracy, which can greatly alter the work environment employees have come to enjoy. Many smaller organizations simply cannot retain many of their early employees who opt to move on to other smaller startups. Some smaller organizations attempt to become more creative as they grow and organize, with smaller units or divisions that retain the character- istics of the initial startup. Others attempt to create a

strong and unique vision or mission that keeps employees engaged as the internal environment of the organization becomes more formal- ized. Small organizations face some unique challenges relative to employee retention and hence need to be creative in developing the necessary means to engage and retain their top performers.

One key tool employers can use to gauge the effectiveness of their retention efforts is the exit interview. Exit interviews provide employers with the opportunity to gain candid feedback from departing employees in a manner that might not be possible if conducted within the context of an ongoing employment relationship. Departing employees are more likely to be forthcoming and honest in their assessments of their employer without fear of repercussions, and assuming that departing employees have been interviewing with other organizations, they are able to provide employers with information as to how the organization compares with other employers who recruit from the same talent pool. Exit interviews can serve three purposes: (1) provide the organi- zation with feedback to allow it to better compete in the recruiting marketplace; (2) ensure that departing employees are able to voice their concerns and respond to such to keep the employer's reputation strong; and (3) provide, in some cases, an opportunity to retain the employee by addressing concerns in a satisfactory manner. Effectively conducted exit interviews can be a cat- alyst for maintaining an ongoing relationship with departing employees who might be recruited back to the organization at some point in the future. The data that can be obtained in the exit interview process can provide key insights as to how well an employer is doing relative to delivery of its overall HR strategy and branding initiatives. Departing employees can also influence the per- ceptions of others who might be possible future employees and/or customers of the organization. Employers need to be cognizant of the value of the exit interview from multiple perspectives as well as understand the role of the exit interview from the perspectives of data collection and communication.

Retirement

Employees also leave the organization through retirement. Except for certain occupations dealing with public safely (such as airline pilots), the Age Discrimination in Employment Act of 1967 pro- hibits an employer from setting a mandatory retirement age. Because medical advances are allow- ing individuals to live longer and stay healthier longer, older workers are maintaining a strong and increased presence in the workforce. Ironically, however, many older workers tend to be set in their ways and resistant to change, particularly to technological change.

Employers have a distinct challenge in finding ways to keep older workers motivated and productive and ensuring that they do not violate the legal rights of these employees.

When older workers retire, the organization can hire new employees to replace older workers who may have less physical or mental energy or skills that have become dated or obsolete. These new employees may cost less than the older workers relative to salaries and health insurance pre- miums. Because many older workers are higher in the organizational hierarchy, promotion oppor- tunities may be made available when they retire.

However, significant costs are often associated with retirement. Retirees who have worked for the organization for many years usually have a wealth of knowledge about the industry and the marketplace. They also have extensive historical knowledge about the organization and experience with organizational processes, politics, and culture. Although fresh ideas from outsiders can be critical to an organization, knowledge and experience can be equally important, and decision makers need to ensure that the organization capitalizes on both to assist in meeting its objectives. The challenge again becomes how to maximize the benefits of retirement while simultaneously minimizing the costs. Reading 1.2, "Knowledge Management Among the Older Workforce," pre- sents some insights as to the needs and interests of senior employees as well as some strategies for managing both older workers and the process of knowledge management and retention. Older workers will become more prominent in the workplace. Employers can usually not set mandatory retirement ages, force employees to retire, or treat older workers in a discriminatory manner in any employment decision. Particularly when conducting layoffs, employers must ensure that there is no adverse treatment of older employees, which would violate the Age Discrimination in Employment Act. Indeed, many large-scale reductions in force have been accompanied by law- suits that allege discrimination based on age. This issue may be exacerbated in the very near future as the baby boom generation moves through middle age.

Older workers are becoming a reality for employers. A recent study by the American Associ- ation of Retired Persons found that 80 percent of the baby boom generation intends to continue to work during retirement.[31] This statistic helps to counteract existing fears concerning the mass retirement of baby boomers in the coming years In fact, the number of Americans aged 65 and older in the labor force recently grew by 7 percent, to a total of 4.5 million individuals.[32] One survey of executives found that 44 percent intend to continue working past the age

of 64, while15 percent plan to continue working past the age of 70.

In addition to the many seniors who wish to keep working, there are a number of them who have to keep working: Lack of adequate health insurance in post-employment years is keeping some seniors in the workforce. Others feel the need to continue working because of the perceived inadequacy of their organization's retirement benefits programs, many of which have been altered in recent years because of the economic downturn. Those workers who are part of the baby boom generation are also known to have a strong work ethic and, in many cases, wish to continue to contribute to their organizations. Another survey of baby boomers reported that 67 percent of this group stated that their main motivation to stay working in later years was the mental stimulation and challenge associated with work. Consequently, employers may face not the anticipated worker shortage but rather an older workforce.

Many older individuals seek to cut back on their working hours in what is known as a "phased retirement" stage of their careers. Employees who opt for phased retirement show a sig- nificant lower probability of ever retiring completely compared to those who move from full-time employment to full retirement. However, phased retirement can impact an employee's ability to collect retirement pensions, so it is critical that such programs be structured to benefit both the employee and the organization. As part of overall HR planning, employers need to determine how to deploy human assets for maximum organizational benefit. Many employers who have offered early retirement incentives have found that a larger-than anticipated number of employees chose to participate in the program, leaving the employer in a bind, at least for the short term. Phased retirement can allow employers to engage in much more effective HR planning. Assisting with retirement planning has become a critical strategic HR function of which phased retirement programs may be a vital component. Employers can develop programs to give older employees incentives to retire or to take early retirement as long as employees are not coerced into doing so. When older employees retire, the organization can replace them with younger workers, but the organization can lose a great wealth of knowledge and expertise. To remedy this, many employers rehire retirees on a part-time or consulting basis. This allows the organization to retain the benefits these older workers bring to the company and gives these individuals the opportunity to gradually transition into a shorter workweek or semi-retirement. Retirees can enjoy more leisure time and work at a less hectic pace but also continue to make meaningful contributions to their employers, maintain their careers, and stay alert and challenged.

Strategic management of the retirement process results in everyone winning: Retirees gain the best of both worlds; the organization retains their knowledge and experience base; existing employees are afforded opportunities to be promoted; and new employees may be hired and learn from the experiences and knowledge bases of seasoned veterans.

Alumni Relations

An increasing number of employers are not only paying very careful attention to the processes by which employees leave the organization (to minimize potential liability) but also to maintaining communications and good will with these individuals. It has been noted that departing employees are "ambassadors" for an organization and are not only potential continued customers but also important referral sources for additional business and the recruitment of new employees. Former employees who leave on positive and amicable terms, often due to reasons outside of the control of the organization, such as a family relocation, might also be able to return to the organization at some point in the future. Employer outreach to former employees has been aided by the growing presence of online professional networks. Many employers establish Web sites, postings, or discussion groups on pro- fessional social media Web sites such as Linkedin to continue to build and enhance their employer brand. Employers are also able to continue to follow and track former employees in whom they have invested and maintain a professional business relationship. Audit and tax advisory firm KPMG has more than 100,000 alumni, 36,000 of whom are registered on KPMG Connect, a restricted membership alumni Web site that provides company updates, information on activities and events and professional development information for this specific group of former employees.

❖ **EXERCISE**

A. Descriptive Questions:
1) How do you describe employee retention? Explain in the detail.
2) What are the necessary things to consider in the retirement of employees? Explain in the detail.
3) What are the factors that influence employee retention? Explain in the detail.

B. Short Questions:
1. What are the main drivers of employee retention? Explain two of them in detail.
2. Why is retention important?
3. What is retirement and why is it important ?

C. Multiple Choice Questions (MCQs) :

1) ____ is the factor which reduces the size of the workforces in the organization.

2) _____ is one of the most difficult areas for organizations to staff.

3) _____ can allow the organization to hire new employees with more currenttraining who are not locked into existing ways of doing things.

4) __have classified turnover as being functional (beneficial) or dysfunc tional (problematic) for an organization.

5) Voluntary turnover generally provides more costs than benefits and that involuntary turnover is beneficial for the organization from a ____ perspective.

D. Difference:
1) Difference between Retention and Retirement.
2) Difference between layoff and Retirement.
3) Difference between Voluntary turnover and involuntary turnover.

E. Brief Questions:
1) What is turnover and what does the cost of turnover include?
2) What are the three main reasons for reducing the size of their workforce in the organization?Explain it.

What is employee retention and why is it needed?

8.1   INTRODUCTION TO EMPLOYEE HEALTH AND SAFETY

Employee health and safety are the concern for everybody in an industry. It is gaining importance and attention from Government, trade unions and the organizations itself. Regardless of the size and type of the organization, it is at the core of any organization to ensure workplace safety and good health of all employees. It indicates the employer's sensitivity towards the rights of employees although it needs the involvement of all members of the organization. Some companies have separate health and safety programmes while some other companies have integrated health and safety management programmes. These programmes facilitate promotion of good physical, mental and emotional

health of employees as well as helps in preventing accidents. These issues if ignored prove very costly to an organization economically as well as in terms of employee commitment to the organization. There are many cases of industries across the globe that paid huge amounts of compensation to injured employees following an accident or to employees suffering from occupational diseases. However, the fact is that in India, many workers are still working in inhuman conditions and the industries show a very poor record of employee health and safety. Many deaths and accidents leading to injuries take place due to negligence and violation of health and safety measures.

8.2 MEANING AND DEFINITIONS

Health is a state of well- being. It not only includes physical well- being but also emotional and mental well- being. It is a state of complete physical, mental and social well-being and not merely an absence of disease or injury.

Safety simply means freedom from occurrence of risk of injury or loss.

Industrial Safety or Employee Safety refers to the protection of workers from the danger of industrial accidents.

An accident is an unplanned and uncontrolled event in which an action or reaction of an object, a substance, a person or a radiation results in personal injury

- According to the **Factories Act, 1948:** "It is an occurrence in an industrial establishment causing bodily injury to a person who makes him unfit to resume his duties in the next 48 hours".

- **An industrial injury** is defined as "a personal injury to an employee which has been caused by an accident or an occupational disease and which arises out of or in the course of employment and which could entitle such employee to compensation under Workers' Compensation Act, 1923".

8.3 OBJECTIVES OF EMPLOYEE SAFETY

- It is necessary for promoting physical, social and mental well-being ofthe workers as well as employers.
- To improves productivity and efficiency of the workers and the organization at large.
- It aims at minimizing employee absenteeism and turnover and facilitating employees' retention.
- It is needed for improving employees' morale and commitment to

theorganization.

- To reduce workplace accidents and occurrence of occupational diseases.
- To fulfill moral and legal responsibility of an employer towards theemployees and society.
- It could be a marketing tool for an organization.
- To minimize the costs of compensation and medical treatment and other indirect costs like loss of reputation, delays in order processing, cost of recruiting new workers, cost of defectives during time of accident.
- To minimize industrial unrest and secure better internal and external industrial relations.

8.4 TYPES OF WORKPLACE ACCIDENTS

The various hazards in the workplace that lead to an accident are slipping andtripping, falling from a height, falling objects, car, small truck or large truck accidents, lifting accidents, fire hazards, hand tool accidents, power tool accidents, machinery or equipment malfunction and construction site accidents. Thus, it can be seen that there can be various types of accidents that take place in the workplace. They could be classified as fatal and non – fatal, major and minor and internal and external.

Fatal accidents lead to the death of an employee while non- fatal accidents cause injuries.

Major accidents lead to death or cause injuries leading to permanent disabilitywhich could be total or partial Minor accidents cause a total or partial but temporary disability. Also, there could be minor injuries like scars, bruises, cuts or so which are nor very harmful to the employee. Simple medical treatment can help in curing them.

Accidents that harm the employees and assets within the company are classified as internal accidents while the accidents that cause harm to the people and environment around the factory are called external accidents. Likeoil spills or gas leakages.

8.5 CAUSES OF WORKPLACE ACCIDENTS

The causes of accidents can be classified into:

1. Human Failure also called unsafe acts: Unsafe acts include operating machines at higher speed than the prescribed safe limit, throwing materials carelessly leading to slipping and tripping, loading materials or mixing them without appropriate precautions, placing materials inappropriately, taking unsafe positions under suspended loads,

using unsafe postures for lifting. Also failure to use PPE (personal protective equipment) is a major cause of an accident. Operating a machine without appropriate training and authorization puts the operator into a risk of accident. Technical failures like overloading and improper maintenance can lead to an accident due to human errors. Cleaning, repairing, adjusting a machine while in operation can also endanger the safety of the person doing so. Getting distracted, abusing, teasing, day dreaming can also lead to an accident. Defective supervision and implementation of safety rules can also increase the risk of an accident in the workplace.

2. Machine Failure or Unsafe conditions: Unsafe Conditions are major causes of an accident. Accidents mainly take place due to defective and obsolete plant and machinery, absence of adequate and/or timely maintenance of machines, tools and equipment, poor layout of the plant, poor mechanical design of plant and machinery, improperly guarded machinery like self- operating machines, inadequate safety devices, improper working conditions like poor illumination and ventilation, poor house-keeping, unsafe procedures like overloading and congestion.

3. Other causes: These causes include reasons like the nature of work like that of a driver or crane operator, long work schedules, working in night shifts leading to increased fatigue levels, mental and emotional disturbances experienced by person, bad health, excessive noise and inflammable materials like explosives or gas used in the production process. Personal characteristics of the person performing the risky job, some people are accident- prone due to their tendency to take more risks and careless attitudes.

8.6 MEASURES FOR PREVENTING WORKPLACE ACCIDENTS

1. Providing Safe working conditions: It is necessary to ensure that the facilities and conditions provided at the workplace ensure inbuilt safety. Appropriate lighting to prevent formation of shadows, preventing excessive glare due to sunlight and ventilation to ensure air circulation must be provided. Proper house- keeping must be ensured to provide clean and hygienic working conditions.

2. Providing Safety Training: All employees of an organization must be provided training for safe work procedures. They must be oriented about the need for safety, risks of accidents in workplace and the importance of safety rules and their implementation along with training them to use

safety equipment. Training must also include motivation to be involved and partner in the safety programme.

3. Safety contests : Some companies conduct safety competitions amongst the various departments and offer safety awards to encourage safe acts and promote the safety policy of the company to minimize accidents

4. Disciplinary action: While awards and contests positively motivate employees to follow the safety rules, fines, penalties and reprimands for not following the safety rules could be negative reinforcement used by an organization. Taking disciplinary action against employees who act carelessly and violate the safety norms would stop others from doing so and this would minimize the risk of accidents.

5. Accident investigation and research: Finding out the causes of accidents by looking at videos captured on cameras and interviewing employees and supervisors helps in knowing exactly how the accident occurred so as to prevent its happening in future. An investigation report can be prepared which states the exact causes of the accident and recommendation to take steps to prevent it from reoccurring in future.

6. Designing a safety programme or policy: To prevent accidents, a safetypolicy is framed by many organizations. It ensures the formation of appropriate and adequate safety rules and also determines safe working processes. It involves and makes every person in the organization responsible for safety. It also ensures that awareness about safety is created and supervision for safety is carried out.

7. Safety Engineering: To minimize accidents, proper engineering procedures can be followed like fencing of machinery, appropriate use of material handling equipment, safety devices, providing adequate space between machines and equipment. Regular preventive maintenance of plant and machinery can help in preventing accidents.

Evaluating Safety Efforts: It is also necessary to conduct safety auditsto review and monitor that the efforts and investments made to ensure safety are adequate and appropriate. Data about accidents and injuries must be analysed and compared with previous year's data to identify any changes in the pattern or number of accidents.

8.7 DESIGNING A SAFETY PROGRAMME

A safety programme comprises of the above six elements:

1 **Planning for Safety:** The first step that any safety programme must ensure is setting the objective of the safety programme and making a choice whether it is aimed to attain maximum level of safety or to provide minimum safety in the organization. All decisions pertaining

to a safety equipment and safety organization would depend on this decision or goal. Whether the management aims at making the safety programme formal or informal would determine if the safety rules would be written and strictly adhered or if safety would be reinforced informally through peers and trade unions. The management would also need to choose between a proactive approach and a reactive approach to safety. A proactive approach includes providing trainings, safety equipment, guidelines for safe work processes before the occurrence of an accident while a reactive approach solves problems once they surface. Thus, whether a company has a preventive or remedial maintenance policy would depend upon this choice of safety made by the top management. It would also determine whether workplace safety is a top priority for the top management or not.

2 **Framing the Safety Policy:** The second step would be to assign responsibility of safety and keeping in mind the decisions pertaining to safety goals set earlier, designing ways to fulfill the objective of safety. The safety policy clarifies the organization's intent and the means to fulfill the intent for safety. It explicitly determines the safety of employees and public, involvement of managers, supervisors and employees in the implementation of safety procedures and compliance of safety laws.

3 **Safety Organization:** To implement the safety policy and attain the safety goals in case of formal safety, there needs to be a systematic organization formed for the purpose. A less formal organization would include forming safety committees comprising of employees from various departments of the organization. A safety committee usually is responsible for investigating causes of accidents and recommending steps to eliminate them. However, many organizations employ specialists to design and ensure safety at the operational level. In some companies, the managing director is held fully responsible for ensuring safety in the organization. Some organizations also prefer to set up a risk management departmentin order to assess the chances of risk, its severity and frequency and suggest measures to reduce it. It is the top management that has to make a choice of the type of safety organization that they want to set up in their organization. Nowadays, many organizations have outsourced safety programmes and hire external agencies for performing safety audits and inspections.

4. **Analysing the causes and effects of accidents:** The safety organsiation is responsible for analyzing the various causes of accidents, its incidence rate, frequency rate and severity rate. This helps in understanding the probability of loss due to accidents. It

indicates the remedial steps as well as the preventive steps to be taken to ensure that the accidents do not reoccur due to same reasons.

5. Implementing the Safety Policy: Implementing the safety policy includes good house- keeping, appropriate storage facilities and providing proper space for machinery and equipment. It also includes giving training regarding safe work methods to employees. Regular inspections and maintenance of machines carried out to minimise risk of accidents. Setting and following an appropriate procedure for reporting hazards, appointing a safety officer if the number of workers exceed 1000, placing instruction boards to encourage proper and safe use of equipment, placing posters illustrating the dangerous effects of accidents and encouraging the use of safety measures are ways to ensure implementation of safety programmes and policies. Personal protective equipment must be provided to all employees and its use must be strictly enforced. Appropriate disciplinary action for non-observance of safety norms would make its implementation more effective.

6. Evaluation Of Effectiveness of Safety Programme : There are many ways to evaluate if the safety programme of an organisation is designed and implemented effective or needs some modification or enhancement. The various methods that can be used for evaluating the effectiveness of safety programmes are:

a. **Conducting Regular Inspections for Safety:** The safety inspectors appoint safety officers or safety committees to ensure that safety regulations are complied with. After the inspection, a report is prepared and presented to the safety inspector by each committee or officer periodically. These reports are analysed and compiled and the findings are presented to the top management by the safety inspector.

b. **Performing Safety Audits:** Safety audits involve a detailed investigation of the safety facilities, safety programme and the attitudes of organisational members towards safety. It is an indicator of operational effectiveness. The audit results are compared with the safety inspection reports, gaps are analysed and corrective actions for improving the safety measures or safety plans are made.

c. **Inter- firm Comparison-** A comparison between the safety initiatives of the organisation are compared with that of other firms in the industry. The number of accidents taking place in the organisation is compared with those in other organizations doing similar business. Also, the steps taken to control the occurrence of accidents are also evaluated.

d. **Quantitative Measures –** There are various ratios that can indicate the effects of a safety programme. These measures enable in calculating and reducing the accident rates and the effects of those accidents by quantifying them and highlighting the risks associated with them.

- **Incidence ratio**
- **Severity ratio**
- **Frequency ratio**

e. **Analysing cost of accidents:** The cost figures associated with an accident are used to analyse and formulate a safety policy. It also indicates the efficiency in the working of each department as well as the efficiency of the safety organisation with respect to safety performance. It also indicates the effectiveness of the management.

Legal provisions Regarding Employee Safety as per Factories Act, 1948 (Section 21 to 40)

Section 21: Fencing of machinery – Every machine and dangerous parts of any machine in every factory should be properly fenced by safeguards which are of good quality and make. This includes:

- Every moving part of a prime mover or fly wheel
- Electric generation , motor or rotary convertor
- Water turbine
- Every dangerous part of any other machine

Section 22: Work on or near Machinery in Motion – Every factory shall appoint specially trained workers wearing tight clothes supplied by the occupier to work on any machinery in motion . For lubricating and examining machines while in motion or handle belts of machines in motion , the trained and certified worker only must be allowed to work and he must not be allowed to work without proper precautions. His name shall be entered in the prescribed register. Women and young children should not be permitted to handle such dangerous machines.

Section 23: Employment of Young Persons on dangerous machines- No young persons below the age of 18 years shall be allowed to work on any machine to whichthis section applies as well as to dangerous machines as specified by the State Government shall be employed. They can be allowed to work only if they are sufficiently trained for the same under the supervision of an expert machine operator having knowledge of the machine. He should be provided full instructions about the possible dangers associated with the machine and its operations and also the precautions to be followed.

Section 24: Striking Gears and Devices for Cutting off Power- In every factory, there shall be suitable striking gear that is provided, maintained and used to move driving belts to and from fast and loose pulleys in a transmission machine. Adequate steps must be taken to prevent the belt from creeping back on the fast pulley. There shall also be suitable devices for cutting off power in an emergency in every room. Accidental starting of a machine shall be prevented by making arrangements for securing in a safe place the device that allows the turning off and on of a machine.

Section 25: Self Acting Machines- No traversing part of a self -acting machine in any factory and no material carried there shall be allowed to run on its outward or inward diagonally within a distance of 18 inches from any fixed structure, not a part of machine, if a person is liable to pass through the space over which it operated .

Section 26: Casing of New Machinery- All machines driven by power and installed after 1.4.1949, every set screw, bolt or key, revolving shaft, wheel must be encased or otherwise guarded to eliminate danger to those working in the factory. If one sells/ lets out/ hires any machine that does not comply with Section 26, shall be penalized to Rs. 500 or imprisonment upto 3 months or both Section 27: Prohibition of Employment of Women and Children near Cotton Openers- No woman or child be employed in any part of a factory to press cotton when a cotton opener is working. But if the feed-end is separated from the delivery end by partition extending to the roof to a specified height, women and children may be employed in that part of the room where the feed – end is kept.

Section 28: Hoists and Lifts: - In every factory, hoists and lifts shall be of good mechanical construction, sound material and adequate strength and shall be protected by enclosures fitted with gates. Once in 6 months, it shall be examined by a competent person and a register of such maintenance shall be kept. Maximum safe working load shall be clearly indicated on every hoist or lift.

Hoist / Lift is a lifting machine with a platform / cage, the direction of movement of which is restricted by a guide

Section 29: Lifting Machines, chains and Ropes: - Lifting machines, chains, ropes, cranes, winch, hook, tackles used in every factory shall be of good construction, sound material and strong enough to carry the necessary loads. It should be examined once in 12 months to ensure that it is adequately strong, free from defects and properly maintained.

Cranes not to approach within 6 meters , modified to 2 feet since 1987 where any person is employed or working or if a person is employed on

or near wheel track of atravelling crane in any place.

Section 30: Revolving Machinery- In every facory where grinding is carried on :

- A notice showing maximum safe working speed of the grinder shall befixed and indicated near it
- Abrasive(Rough) wheel to be kept near the machine
- Maximum speed of shaft/ spindle upon which the wheel is mounted
- Diameter of the pulley upon such shaft/ spindle to secure safe workingperipheral speed
- Safe working peripheral speed of revolving vessel , pulley , basket, flywheel has to be observed
- Steps should be taken to ensure safe working speed as prescribed in Section 30 (1) is not exceeded

Section 31: Pressure Plant - If any factory operations are carried out at a pressure above the atmospheric pressure , proper measures shall be taken to see that safe working pressure is not exceeded. The State Government is empowered to make rules, provide for examination, exemption and testing of any plant and machinery for additional safety measures.

Section 32: Floors, Stairs, Means of Access - All floors, stairs, passages and gangways shall be of sound construction and maintained in a state of good repair. They shall be free from obstruction likely to cause persons to slip. Handrails must be provided wherever required and means of access to the place of work shall be provided and maintained. When a person has to work at a height, provision for fencing or otherwise shall be made but it does not apply to places that provide foothold (grip) or secure handhold (support)

Section 33: Pits, Sumps, Openings in floor- In every factory, every pit, tank, sump and openings in floor which is a source of danger must be securely covered and fenced.

Section 34: Excessive Weights – No person in a factory to lift, carry or move any load which is so heavy as to cause him/ her possible injury. Maximum weights to be lifted/ carried by adult men, women, adolescents and children in any class or description of factories or in carrying out specific processes to be prescribed by StateGovernment.

Section 35: Protection of Eyes- Effective screens or suitable goggles to be provided for protection of persons employed in mechanical or other processes involving danger or injury to eyesight due to exposure to excessive light or from particles or fragments thrown off in the course of the process.

Section 36: Dangerous Fumes and Gases- No person shall be allowed to enter any chamber, tank, pit, pipe, vat or other confined space in which gas, fume , vapor or dust is likely to be present to a dangerous extent

A person can enter such place only when it is provided with a manhole of adequate size or some other effective means of egress (outlet). A person may be allowed to enter such a space only when suitable steps have been taken to remove dangerous fumes. For this, a certificate in writing by a competent person must be given after a test that the space is free from dust and smoke. Also, such a person is wearing breathing apparatus and wearing a belt securely attached to a rope, the free end of which is held by a person outside the confined space. In case of an emergency, suitable breathing apparatus, belts, ropes, reviving apparatus be kept ready. Sufficient people in factory be trained in use of all such apparatus.

Section 36 – A Precautions regarding use of Portable Electric Light: No light or appliance of voltage exceeding 24 volts shall be permitted for use inside any chamber, vat, pit or confined space in a factory unless safety devices are provided and if there are fumes or inflammable gas present in the room , no light to be permitted in such space.

Section 37: Precautions against Explosive or Inflammable Gas, Dust- In the manufacturing process, if any dust, gas or fumes is likely to explode or ignite, preventive steps should be taken to :

- Effectively enclose plant or machinery used in the process
- Remove or prevent accumulation of such dust, gas , fumes or vapour
- Effective exclusion /Enclosure of all possible sources of ignition
- Steps should be taken to restrict the spread or effect of explosion by provision of vents , chokes , baffles
- When such explosive items/ plant and machinery need to be opened, the flow of gas or vapour shall be stopped through a stop valve.
- Special measures must be taken to reduce the atmospheric pressure through all practical steps.
- Welding or soldering, brazing , cutting of vessel containing explosive material should be done if necessary only after removing fumes, vapour etc. completely.

The State Government by rules is empowered to exempt any factory from compliance with all or any provision of Section 37 (1) to (5)

Section 38: Precautions in Case of Fire- All practical steps should be taken to prevent the outbreak of fire inside the factory. In case of fire, safe escape routes should be there. The exit routes should be marked in understandable language. Clearly audible warning should be given in case of fire. Equipment for extinguishing fire should also be available. Workers should be familiar with the means of escape in case of a fire

and they should be adequately trained, in advance, in the procedure to be followed in such a case.

Section 39: Power to require drawings and specifications of Defective Parts / tests/ stability- If it appears to the inspector that any building or part of building or plant or machinery in a factory may be dangerous, he may demand drawings of the plant layout , specifications of defective parts etc. from the factory manager. The Chief Safety Officer may prescribe certain steps to ensure safety of workers and may issue an order to factory manager to furnish details of defective parts and carry put Safety Drills and inform him the results as per this section.

Section 40: Safety of Building or Machinery- When a particular building or machinery poses a danger to workers, it shall not be used until it is properly repaired or altered. The Inspector may prohibit the use of building or machine during the intervening period. He may ask the owner/ occupier to carry out specific repairs before a particular date in writing

Section 40 A : Maintenance of building – The Inspector under Factories Act, 1948can serve on occupier/ manager an order in writing specifying measures for maintenance of building which is likely to lead to detrimental conditions to health and welfare of labour.

Section 40 B : Appointment of safety officers- In Factories, where 100 or more workers are employed, a safety officer shall be appointed . He should formulate a safety policy to be followed, investigate causes of injuries and circumstances leading to accidents, organize safety education, training and publicity at various levels, act as a technician, planner, organizer and stimulator of safety.

Section 41: Power to amend rules- The State Government has the power tomake rules to supplement the provisions listed above.

6 **Analyse the Causes of Accidents:** Although, the safety organisation is set, it needs to analyse the causes of accidents, measure the accident rates and have remedial measures on hand. The causes of accidents include:

Causes of Industrial Accidents

8.8 PROVISIONS OF FACTORIES ACT PERTAINING TO EMPLOYEE SAFETY

Employee Health has several dimensions ranging from Physical health, Mental Health, NoiseControl, Job stress, alcoholism, AIDS, drug abuse, Violence in the Workplace.

Health is wealth for employees as well as managers. Realising this, a large number of health services are provided to employees. Moreover, health protection is a legal requirement too. According to OSHA – Occupational Safety and Health Act,   1970 the role of HR manager has changed in ensuring that physical working conditions meet adequate standards and established comprehensive and specific health standards. OSHA enforces the standards based on a five item priority listing:

1 Imminent Danger: A condition where accident is about to occur is given toppriority and acts as a preventive measure
2 Serious Accidents: Those that lead to death or serious injuries. Reporting of suchaccidents to OSHA within 8 hours of its occurrence
3 Employee complaints and request for investigation for violation of OSHAstandards
4 Inspection of targeted industries with high injury ratio like chemicals, meatprocessing, lumber and wood products
5 Random inspections with search warrants by inspectors

The measures to promote employee health focus on the prevention of health problems rather than treatment or cure. Therefore, a health programme of a company is planned around improvement and prevention of controllable risk factors like smoking, obesity, hypertension, high cholesterol which are responsible for most diseases. Promoting health requires continuous education, systematic health and safety campaigns and genuine support from top management. The core health promotion activities may cover areas like healthy living, eating wisely, exercise and physical fitness, smoking cessation, stress management, protecting oneself from workplace hazards.

8.9 HEALTH ISSUES IN WORKPLACE

1 Physical Health:

Physical health hazards that an employee is posed with include:

✓ Lung Cancer due to coke emissions, active or passive cigarette smoke, asbestos
✓ Black Lung cancer due to coal dust
✓ Brown lung cancer due to cotton dust
✓ Leukemia/ Blood cancer due to benzene and radiation
✓ Sterility or reproductive problems due to radiation (X Ray units)
✓ Hearing impairment and insomnia due to high noise levels
✓ Deteriorating eye sight due to office equipment and chemical fumes

An organisation may render the following health services to its employees. These services offer first aid treatment to the victims and for major health problems (ailment) , employees rae advised to Employee

State Insurance Scheme (ESIS) or authorized clinics and nursing homes.
The other measures for ensuring physical health of employees include:

1   Pre- hiring medical check -up for all employees
2   Periodical physical check- up of all employees. regular medical check- up of executives to detect early signs of tensions, ulcers, diabetes
3   First – aid treatment following an accident. Training in first – aid to all employees.
4   Treatment of minor complaints like cough , cold , fever and headaches
5   Rehabilitation and job placement of seriously injured workers suffering fromdisability post an accident/ disease
6   Control of occupational (workplace) health hazards
7   Provision of healthy sanitary facilities like potable drinking water, disposal of waste and effluents, provision of healthy food and good house keeping
8   Special examination of eyes, teeth and ears when needed
9   Special care of employees in painting, welding , foundry sections where risk ishigh
10 Maternity and child welfare including family planning
11 Adequate lighting, ventilation, tree plantation, good residential quarters
12 Co-operation with family physicians, local hospitals, clinics and specialists

Thus, ill health of employees can be addressed and more productive, more regular and more safe workforce can be created. The worker who is healthy is always cheerful, confident looking and invaluable asset to the organisation.

1. Mental Health

Mental health of employees has gained attention of employers in the recent years dueto the following reasons:

- Mental breakdowns due to pressure and tension
- Mental disturbances result in reduced productivity and lower profits for theorganisation
- Due to mental illness, people resort to alcoholism, high turnover and poorhuman relationships

A mental health service is rendered in the following ways:

- ✓ Psychiatric counselling
- ✓ Cooperation and consultation with outside psychiatrists and specialists

- ✓ Development and maintenance of effective human relations programme
- ✓ Education of company personnel with respect to the nature and importance ofmental health

2.   Noise Control

An age old problem in industrial establishments is noise. As human beings started working on metals and machines, noise has made its appearance as a problem in organisations. Noise can be minimized but not totally eliminated and constant exposure to noise especially excessive noise impairs the hearing ability of employees. It is likely to cause deafness however, the level and duration of noise and its likeliness to cause deafness varies from person to person and organisation to organisation.

Noise induced hearing loss is compensable under Workmen's Compensation Act, 1923 and is a notifiable disease under Factories Act, 1948. The effect of noise is not only restricted to hearing loss but it also causes hormonal imbalances , changes in blood circulation, dizziness, heartburn, sleep disturbance, fatigue and increase inrespiratory rate. Safe sound decibles is 85DB (decibles) for eight hours.

Noise Control Methods:

It is impossible to eliminate noise from industrial establishments as long as machineryis used in manufacturing operations. However, noise control can help in minimizing the harmful effects on employees and noise control can be achieved through one of the following methods:

- ✓ **At the Source/ Origin:** It is difficult to plan for this control because identical machines may require different methods because production and economic problems are different. The noise can be controlled at source by redesigning or repairing them so as to quieten the noise producing elements like using inbuilt silencers , mounting machines to reduce vibration or substituting noise producing elements with quieter ones
- ✓ **Through Enclosures:** Considerable reduction in noise levels can be attained by providing enclosures for machines with specially made covers or placing themin separate rooms. A small opening however is enough to produce heavy leakage of noise. Care should be taken to make enclosures as fool proof as possible. Where machines cannot be enclosed, places that need quieter surroundings may themselves be enclosed. Similarly,, a machine transmitting vibration on a large scale may be isolated from the rest of the operation.

- ✓ **By absorption:** Noise can be controlled by constructing ceilings and walls with acoustic material to absorb it. Empty space around high noise producing machine may be provided to absorb noise and reduce it. High ceilings scatter/ dissipate noise considerably.
- ✓ **By Ear Protection:** Where other methods of noise control may become ineffective, employees working close to the source of noise may be given ear protection devices to prevent impairment of hearing capacity. They may be provided with ear muffs, helmets, soft rubber or cotton wool to be worn while at work. They should be educated to wear PPE (Personal protective equipment)

4. Work Stress

Stress is body's biological mechanism and inevitable. It is essential part of work life. It refers to an individual's response to a disturbing factor in the environment and the consequence of such reaction. Stress involves the interaction of a person with the environment and research reveals that call centers, construction companies, shipping, banking units, print media, courier companies, Government hospitals carry higher stress potential.

Stress is an adaptive response to an external situation that results in physical, psychological and / or behavioral deviation for organisational participants. The physical/ Psychological demands from the environment causing stress are called stressors. Stress manifests in a positive as well as negative way. When the situation offers an opportunity for one to gain something, stress is positive and is called Eustress. It motivates an individual towards best performance. While stress associated with heart disease, alcoholism, drug abuse, absenteeism, marital breakdown is Negative stress and must be managed well.

Stress is associated with constraints and demands

1. Constraints prevent an individual from doing what he / she desires. Eg. Not able to mobilise money to acquire a car is a constraint
2. Demand refers to loss of something desired like due to work pressure , not being able to attend a social function Both of the above factors lead to potential stress and when they are coupled with uncertainty of outcome and importance regarding the outcome (result) is significant, potential stress becomes actual stress.

5. AIDS- Acquired Immuno Deficiency Syndrome

When organisational employees are hit by this disease, a lot of direct and indirect costs result from it. It reduces their capability to work, leads to death of the victim, increases claims for workmen's compensation and

medical benefits. The following guidelines need to be followed to make employees aware about AIDS;

1   Employees must be educated on how AIDS is contacted so that such activitiesdo not occur in the workplace

2   Presentations to employees by professionals, experts so that sexual referencesmade do not have an impact on the employees.

3   All employees must attend the sessions

4   Counselling for AIDS victims on health care

6. Alcoholism, Smoking and Drug abuse

Alcoholism is a serious and wide spread disease. It strikes employees of all levels from janitor to General Manager. The effects of alcoholism are serious on the worker as well as the work. Both quality and quantity of work decline sharply. An alcoholic worker would resort to absenteeism, may not observe safety precautions and may adversely affect the morale of other workers.

Organisations employ three techniques to tackle alcoholism in the workplace:

1   Disciplining alcoholics and if disciplining g fails, discharging the alcoholic

2   Counselling by the HR department, the company doctor or by immediate supervisor

3   Hiring outside agencies , psychiatrists and clinics to deal with the problem of alcoholism

Drug Abuse is a recent phenomena and a serious one. Employees who are young are more prone to drug abuse and difficult to detect. Drug abuse can be categorized as:

1   Marijuana abuse

2   Prescription drug abuse

3   Hard drug abuse like consumption of brown sugar, heroine

Drug abuse affects job performance and is indicated in his/ her behavior. He/ She islikely to:

1 Be late 3 or more times as compared to fellow workers

2 Request 2.2 times more often early dismissals or time off during works

3 To have 2.5 times as many absences of 8 days or more

4 To Use 3 times the normal level of sick benefits

5 To be involved in accidents 3.6 times as often as other employees

6 To be 1/3 less productive than fellow workers

7 Usually 5 times as likely to file worker compensation claim

8 Be late 3 or more times

As a result of increased use of drugs in the workplace more and more. Companies have begun to use some form of drug testing for both applicants and existing employees. Drug testing is although risky, the following guidelines can be used:

1 Testing only applicants / employees whose jobs are considered safety specific orcritical

2 Using only valid measures of drug abuse

3 Obtaining valid consent of employee/ applicant and then provide the examinee withtest results

4 Maintaining strict confidentiality of results

Organisations can use the same techniques to cure alcoholism to the problem of drug abuse also. Smoking claims millions of human lives across the globe each year. It has been estimated that out of 6,00,000 deaths in UK , 1,00,000 of them and caused by tobacco. There are various costs associated with workforce smoking. They are:

- Insurance costs are higher

- Ventilation costs are greater for smoky atmosphere

- Absenteeism increases- Smokers take 50% more sick leave

- Cleaning costs – dirty ceilings etc.

- Time spent on smoking

- Fire Risks increase - 15% of industrial fires arise from smoking

In the past, employers had restricted employee smoking in order to reduce the risks from fire or to comply with hygiene standards. Nowadays, employers are initiating steps to check smoking at workplaces. Many have adopted NO Smoking policies and are spreading awareness amongst employees to give up smoking. Some employers offer cessation workshops as a part of health promotion efforts.

HR professionals should know that anti- smoking initiatives would receive resistance from smokers. Obviously, consultation with employees and their unions is helpful in breaking the resistance and making the workplace 'Smoke Free'

7 Violence in the Workplace :

Violence in the workplace has become very common these days. It includes fist fights, shooting, stabbing, sexual assaults. In the U.S. it is said that 20 workers are murdered and 18000 workers are assaulted every week. In India, after studying 79 firms, it exhibited that 71.1% executives use foul language, 21% resort to some physical action and 8.1% suffer nervous breakdown. Taxi drivers, police officers , retailers, workers,

cashiers at petrol pumps and people who work alone or in a night shift are more exposed to such risks.

Workplace Violence levels:

Moderately Injurious	Highly Injurious
Property Damage	Physical attacks and assaults
Pushing, fist fights	Anger related accidents
Major violation of company policy	Rape
Theft	Murder
Frequent arguments with superiors, customers, co- workers	Psychological trauma

Effects of Violence at Workplace
- Violence erupts productivity
- Untold damage caused to those exposed to violence
- Costly for the employer

Hence, it is important that companies concentrate on avoiding violence rather than simply dealing with it after it occurs. The following precautions will help companies avois falling victims of violence.

1 Hiring with Caution- Pre- hire drug test, questions about previous employment , criminal record checks help in avoiding violence – prone individuals in pre-hiring stage itself.

2 Develop a plan for preventing violence and for dealing with it when it occurs. Reporting requirements for violence or threats should be integral part of this plan. This plan should be made by employee participation and help of experts in areas of violence assessment, counselling and law enforcement

3 Establish a crisis management team with authority to decide and act quickly. Then the group would evaluate problems, select intervention (Planned training programmes) techniques, and coordinate follow-up activities

4 Train supervisors and managers in recognising aggressive behaviour, identifyingwarning signs of violence and resolve conflicts

5 Orient all employees towards assuring a violence free work environment

6 Provide specific Employee Assistance Programmes(EAPs) designed to helpemployees with personal problems, anger management etc.

7 Workplace violence can be prevented by employing security measures

8.10 LEGAL PROVISIONS FOR EMPLOYEE HEALTH AS PER FACTORIES ACT, 1948

India has laws related to employee health and safety for the past 50 years. The Factories Act, 1948 was formed and has been amended from time to time and lays emphasis on the following preventive measures towards employee health. Section 11 to 20 off Factories Act deals with provisions to promote employee health in the workplace.

- **Cleanliness (Section 11):** Every factory shall be kept clean and free from effluents. Dirt must be removed daily. Benches, staircase, passages and the floor of the work room must be cleaned daily. So that there is no accumulation of dirt, work room floors must be washed atleast once a week, with some disinfecting fluid. Walls, partitions, ceilings, doors, windows be painted and varnished regularly.

- **Disposal of waste and effluents(Section 12):** There must be a proper and effective arrangement for disposal of waste and effluents

- **Section 13- Ventilation and Temperature:** Every work room in the factory must have natural ventilation permitting circulation of fresh air. The room temperature should be kept at a comfortable level to workers. The walls and roofs should be of such material and design so as to keep the temperature low. High temperature may be controlled by white washing, spraying and insulating factory premises by screening outside walls , windows and roofs.

- **Dust and Fumes (Section 14):** Effective arrangement to prevent or reduce accumulation and inhalation of dust and fumes must be made. Exhaust appliances should be employed near the place of origin of dust and fumes

- **Artificial Humidification (Section 15):** In factories like cotton textile, Cigarette manufacturing units where artificial humidification is used, the State Government rule must be followed. Water used for this purpose should be properly purified.

- **Overcrowding (Section 16):** No room in factories must be overcrowded. There should be atleast 9.9/14.2 cubic meters of space provided to every workman.

- **Lighting (Section 17):** The factory must be sufficiently lighted and suitable lighting arrangements- both artificial and natural, glazed windows and skylights used to light the workroom should be kept clean. Provision should be made to prevent glare and formation of shadows in the work spot.

- **Drinking Water (Section18):** The factory must provide wholesome drinking water at suitable, convenient points. All such points should be marked 'drinking water' clearly in language understood by majority of workers. Every such point shall be atleast 6 meters away from urinals, latrines, spittoons, open drains etc. Where more than 250 persons are employed in a factory, arrangements should be made to provide cool drinking water during hot summer months

  Latrines and Urinals (Section 19): Separate latrines and urinals for male and female workers having sufficient enclosed space and conveniently situated and accessible to all workers should be provided. These places shall be adequately lighted and ventilated, clearly kept at all times, maintained properly by employing sweepers for this purpose.
- **Spittoons (Section 20):** A sufficient number of spittoons should be provided at convenient places in every factory and these should be maintained in a clean and hygienic condition.

UNIT: 9	GRIEVANCE HANDLING AND DISCIPLINARY ACTION

9.1 Introduction

9.2 Dissatisfaction, Complaint, and Grievance

9.3 Forms of Grievance

9.4 Effects of Grievance

9.5 Grievance Handling Procedure

9.6 Concept and meaning of Discipline

9.7 Indiscipline

9.8 Purpose and Objective of Disciplinary Action

9.9 Disciplinary Action Procedure

9.10 Legal Provision Relating To Discharge or is missal

   (Under industrial Disputesact - 1947)

   ❖ CHECK YOUR PROGRESS

9.1 INTRODUCTION

Introduction: It is very common that people have complaints against others, superiors or systems in any setup. But if these complaints are not addressed properly, and in due time, they may lead to a sense of dissatisfaction in employees. And such accumulated dissatisfaction may lead to anti-social workplace behavior in a long run. Grievances could be in many areas like wages, salary, perks, promotion, work assignment, discharge, transfer and even timings of office shifts. This is only an indicative list, and not an inclusive list.

A formal and fair grievance handling system does not only promote safety of the employees, it also creates a perception of fairness in the minds of the employees. It is also a good step for creating the right employer branding in the eyes of the various important stakeholders. It is also a moral and a legal obligation, on the part of the HR Managers, to

look into such complaints, without any prejudice or bias. It is a must to create a healthy work environment in which all feel safe and taken care of.

In fact, a well-developed grievance management system works the direction of ensuring that prevention is better than cure. It is a proactive step that can stop many future big problems. Because if an employee reaches out to the court, and if such litigation numbers go up, the employer will have to spend time and energy on dealing with such litigations. Such litigations reduce the morale ofother employees too.

Thus, a formal and well established grievance handling system is not only in the interest of the employees, but also in the interest of employers and every other concerned stakeholder.

GRIEVANCE:

9.2 DISSATISFACTION, COMPLAINT, AND GRIEVANCE

Job satisfaction is one type of attitude. It is a positive feeling towards job. A satisfied person with job, would say, I like or I love my job, on being asked his/her thoughts about the job, he/she is performing. Job dissatisfaction is diagonally opposite to job satisfaction. It is basically a negative attitude towards job. A dissatisfied person would not like the job and may not give the best in his job. If the dissatisfaction is too high, good and talented employees might be promotedto leave the job also.

Collective job satisfaction of many related employees is referred to as morale.So, if the dissatisfaction exists in many employees, it would lead to low morale in general. And low morale may be responsible for poor performance, absenteeism, and antisocial workplace behavior (deviant workplace behavior). Not all complaints get converted into grievance and the number of complaints is going to be less than grievances. Many routine complaints are not going to be converted into grievances. Like, for example, XYZ did not cooperate with me, etc.

Complaint, on the other hand, has been defined as, expression of grief, pain or dissatisfaction(https://www.meriam ebster.com/dictionary/complaint). When the complaints are not addressed properly, or, when the employees develop a feeling that their complaint(s) are routinely ignored without fair reasons, that may lead to grievances.

The International Labour Organization (ILO), defined grievance as a "measure orsituation, which concerns the relations between employer and the worker or which affects or may affect the conditions of employment of one or several workers in the undertaking when that

measure or situation appears contrary to provisions of an applicable collective agreement or of an individual contract of employment". It may arise on issues of discipline and dismissal, the payment of wages and fringe benefits, working time, overtime, promotion, demotion, transfer, safety, job description, and many other work-related issues

Richard p. Calhoon defines a grievance as ―anything that an employee thinks or feels is wrong, and is generally accompanied by an actively disturbing feeling‖.

Grievance is also viewed as the reason of complaint. Employees with grievance feel annoyed. While in the earlier days, grievance handling was a one step process ― the employee would approach the employer and the employer would urgently give the decision. But with time, as factories became large, a multi-tier structure of grievance handling came into existence, which was formal and complex, but fairer, at the same time.

Dale S. Beach defines grievance as ―any dissatisfaction or feeling of injustice in connection with one‘s employment situation that is brought to the attention of management‖. ―….and discontent or dissatisfaction whether expressed or not, whether valid or not, arising out of anything connected with the company that an employee thinks, believes, or even feels is unfair, unjust or inequitable‖. - Jucius

- Job Dissatisfaction
- Complaint
- Grievance
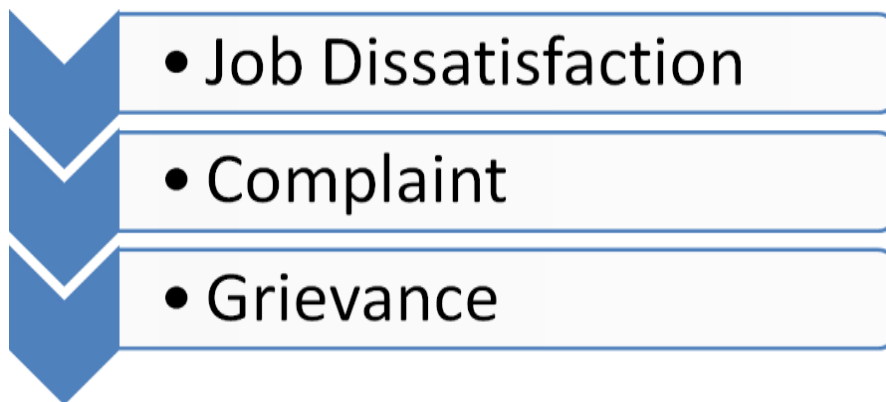
9.3   FORMS OF GRIEVANCE

1. **Factual Grievance:** When the grievance is based on facts, we call it factualgrievance. Its purpose is genuine and such grievances should be handled urgently and fairly.
2. **Imaginary Grievance:** It is when the grievance is based on some wrong perception or imagination. Here, the employee needs to be made aware of facts and evidence to correct his/her wrong perception.
Sometimes, when the aspirations of the employees are not met, such

grievances may exist. As such grievances are also based on misinformation,the organization can enlighten the employees about facts. But, at the same time, this type of grievances must be dealt with properly, otherwise it may propel a sense of dissatisfaction. And existence of such an attitude for a long time may have negative consequences like high employee turnover.

3. **Disguised Grievance:** It is when the stated reason and actual reason of the grievance are totally different. Such grievances require a lot of fact findingexercise and it is not easy to deal with them. Such grievances also flood the grievance system and may not allow the time to be used for addressing the factual grievance mentioned above. For example, if an employee has a lot of complaints about infrastructure or has a lot of complaints about trivial issues, he/she may be seeking the recognition from the colleagues or management. The counseling may also help in such cases.

4. **Individual Grievance:** When a single employee has a grievance that the management has done something wrong or has not respected his/her rightsin certain matter, it is called an individual grievance. For example, discipline,demotion, harassment, etc.

5. **Group Grievance:** When a group of employees have a grievance towards the management for a common matter, for example, their overtime due not having been paid, it is called the group grievance. It allows for solidarity and unity to the workgroup members.

6. **Union Grievance:** When a Trade Union has grievance for certain matter, it iscalled a Union Grievance. For example, the salary rise is not granted as perthe expectation of the employees, the Union would grieve.

7. **Policy Grievance:** When the terms of contract, in the opinion of the group of employees, are not properly interpreted by the management, the group can file a policy grievance. The difference between a group grievance and a policy grievance is that the policy grievance's scope is generally limited to a dispute, related to the interpretation of terms of contract. While the scope of a group's grievance.

This type of grievance may indicate that the organization has failed to interpret and implement the terms of contract fairly / properly.

- **CAUSES OF GRIEVANCE**
  - Economic
  - Relationship with Peers
  - Relationship with Supervisor
  - Work Environment
  - Miscellaneous

1. **Economic:** The first and foremost reason for the grievance is generally economic. For example, the wage hike, extra overtime payment, bonus etc. The perceptions of management and employees rarely agree on what the level of salary should be. But the budget is generally limited. And that leads to grievances. Negotiations in good faith generally allow things to settle down. For example, the union of bank employees and Indian Banking Association agreed for 15% salary hike for banks in India in July 2020.

2. **Relationship with Peers:** The relationship with peers is one area from where potential grievances may start. If the politics in the organization is high or too much competitive, the employees may feel like having grievances against each other. If the level of politics is on lower side, the number of grievances would be less.

3. **Relationship with Supervisor:** It is said that people do not leave jobs, they leave their bosses. The relationship with supervisor is one of the most important factors that decide if the person feels satisfied or dissatisfied in the job. The supervisor is the person with whom the person has highest interaction for official matters. If that is ok, it would lead to some satisfaction from the job.

4. **Work Environment:** If the work environment is good in terms of good working culture, good infrastructure, good climate, it is but natural that the employees will good and there will be less number grievances

5. **Miscellaneous:** Apart from these, there may be reasons like hidden agenda of the employees or confusion about certain actions of the management.

9.4 EFFECTS OF GRIEVANCE

1. **Low Productivity:** Efficiency is defined as something, in which one produces maximum output with minimum inputs. Effectiveness is about the doing the right things. Productivity is mixture of both. High level of grievances will affect the productivity of employees as it will hinder their ability to focus on the work.

2. **Increased Absenteeism:** As the grievances will lead to lowered morale, the voluntary absenteeism will increase, which can deter the profitability of the unit.

3. **Strike or Lockouts in extreme conditions:** If grievances are not properly addressed, they may lead to strike or lockouts

4. **Wastage of Resources:** The dissatisfied or grieved employees may waste the valuable resources of the company – intentionally or unintentionally.

5. **Increase in Production cost:** As the employees lose their productivity and waste the resources, the output cost of the products would rise.

6. **Increase in Employee Turnover:** If grievances are not handled properly, the talented employees might be prompted to leave the organization.

7. **Conflicts:** The grievance may increase the level of conflicts in an organization.

9.5 GRIEVANCE HANDLING PROCEDURE

Step 1: Know the Grievance: Here the managers identify the grievance through open door policy, past complaints / grievances, interviews, observations etc.

Step 2: Clarity on Grievance (Definition): At this stage, the problem(s) being faced by the complainant must be clearly defined. What is the grievance exactly about? ― An explicitly clear answer to this question must be arrived at.

Step 3: Data Collection: Here, data related to the grievance in question from all the concerned parties, which may include any documents and anything relevant.

Step 4: Analyse: At this stage, the data, information, documents, and whatever has been collected at the above stages, must be scanned and comprehended. More clarification may also be sought from the concerned parties at this stage, if required.

Step 5: Identification of Alternatives (Solutions): Once the analysis has been fully completed, it is time for brainstorming. At this stage, various optionsare identified, to deal with the grievance in question.

Step 6: Prompt Action: Once the management identifies any action from step 5 above, it must be promptly implemented.

Step 7: Follow up: After the implementation, a proper follow up of the matter must be done to close it logically.

Two terms must be understood to supplement above discussion:
1. **Open Door Policy:** A stated policy, under which operational level employees are also allowed to meet top executives. Any employee can meet top executive for his/her grievance is called open door policy.

2. **Step Ladder Policy:** Here the employees have a clear idea about the stepshe would have to follow to get the solution to his grievance. Like he will share his problem with his/her supervisor. If that does not solve the problem, the matter would be referred to departmental head. The departmental head discusses the problem with joint grievance committees to find a solution. However, if the committee also fails to redress the grievance, then it may be referred to chief executive. If the chief executive also fails to redress the grievance, then such a grievance is referred to voluntary arbitration where the award of arbitrator is binding on both the parties.

From	To	Time line
Employee With Grievance	Departmental Representative	Departmental Representative hasto answer in 48 hours
Departmental Representative	Head of Department	If Departmental Representative can't offer any solution, the employee can approach the Head of Department, who has to give decision in 3 days.
Head of Department	Grievance Committee	If the employee is not happy with departmental head, he can take the grievance to Grievance Committee. The Grievance Committee makes its recommendations to the manager within 7 days in the form of a report.
Grievance Committee	Chief Executive	The final decision of the management on the report of Grievance Committee must be communicated to the concerned employee within three days of the receipt of report. An appeal for revision of final decision can be made by the worker if he is not satisfied with it. The management must communicate its decision to the worker within 7 days.
Chief Executive	Voluntary Arbitration	If the grievance still remains unsettled, the case may be referred to voluntary arbitration.

❖ **DISCIPLINE:**

9.6 CONCEPT AND MEANING OF DISCIPLINE

The practice of training people to obey rules and orders and punishing them if they do not‖ – **Oxford Learner's Dictionaries**

Dale Beach defines the discipline as something, Discipline regulates (by rewards or punishment the human behavior in an organization‖

Garry Dessler opines, Discipline is a procedure that corrects or punishes a subordinate because a rule of procedure has been violated‖. Discipline should be viewed as a condition within an organization whereby Employees know what is expected of them in terms of the organization's rules, Standards and policies and what the consequences are of infractions‖ -**Rue & Byars**

Discipline is compulsory for the efficient working of the organization. Without it, the systems would collapse and there would be a chaos. Extreme indiscipline may create a question mark over the existence of an organization. Yes, the rules of discipline should be fairly implemented without biases.

According to **Richard D. Calhoon,** Discipline is the force that prompts individuals or groups to observe rules, regulations, standards and procedures deemed necessary for an organization.‖

Ordway Tead, Discipline is the orderly conduct of affairs by the members of an organization who adhere to its necessary regulations because they desire to cooperate harmoniously in forwarding the end which the group has in view, and willingly recognize that, to do this, their wishes must be brought into a reasonable unison with the requirements of the group in action.‖

9.7 INDISCIPLINE

Lack of discipline is indiscipline. Indiscipline is:

1. Absence of orderly behavior
2. Presence of irregularity
3. Accepted norms are respected
4. Behaviour of employees is unregulated
5. There is no respect for stated organizational rules and regulations

9.8 PURPOSE AND OBJECTIVE OF DISCIPLINARY ACTION

1. **To enforce rules and regulations:** The first and foremost objective of disciplinary action is to make sure that all the employees follow the rules and regulations in letter and spirit. Actions speak louder than the words. So, disciplinary actions are the best example that approve this proverb. If rules are set, but no

actions are taken against the offenders, those rules will remain on paper only. But, if strict actions are taken against the offenders, it will deter others from not following rule and regulations.

2. **To punish those who disobey the rules:** Disciplinary actions are taken against those who do not follow the rules and regulations so that they are not motivated to repeat their behavior.

3. **To ensure the smooth functioning of the system of the organization:** If disciplinary actions are not taken against those, who are responsible, it would lead to chaos and the system of the organization would collapse.

4. **To maintain peace and tranquility:** If the disciplinary actions are not taken against the offenders, others will be motivated to break the rules. This may lead to a situation where the industrial peace may be compromised and the company may have to face financial loss.

5. **To improve the culture of performance:** The culture also teaches behavior to the employees. Following the rules is one of the top most requirements for improving the performance of any organization. When all follow the rules, a culture of cooperation is created, which adds to the better performance of the organization.

6. **To maintain harmony:** When all follow the rules, the relationships amongst the employees remain cordial and it leads to harmony in the workplace.

7. **To increase productivity:** Productivity and discipline go hand in hand. When all follow the discipline, the productivity will naturally increase. An environment without discipline does not lead to productivity, and vice-versa is equally true.

9.9 DISCIPLINARY ACTION PROCEDURE

1. **Issue of Charge sheet:** On the face of it, if it is felt that the misconduct has occurred, the charge sheet can be given. It is a kind of show cause notice to the employee, as to why no action should be taken against him/her. Every charge should be clearly specified in this notice. The charge should not be mixed up some other matter and should be explicitly clear, and to the point.

2. **Explanation:** It is natural that the person will reply to the charge sheet. The clarification by him/her should be considered and if it is satisfactory, no action should be taken against her and the matter should be closed. If the explanation is satisfactory, an inquiry can be initiated against her. If he/she accepts her fault, the management, in good faith, may choose not to take action and simply end the matter by warning him/her.

3. **Suspension Pending Enquiry:** Suspension order is not a punishment. It is a temporary order to not allow the employee to

continue his/her job till the matter is sorted out. Half salary is generally paid during this time.

9.10 LEGAL PROVISION RELATING TO DISCHARGE OR DISMISSAL(UNDER INDUSTRIAL DISPUTES ACT-1947)

Section 2A of Industrial Disputes Act 1947: "Dismissal, etc., of an individualworkman to be deemed to be an industrial dispute"

2A. (1) Where any employer discharges, dismisses, retrenches or otherwise terminates the services of an individual workman, any dispute or difference between that workman and his employer connected with, or arising out of, such discharge, dismissal, retrenchment or termination shall be deemed to be an industrial dispute notwithstanding that no other workman nor any union of workmen is a party to the dispute.

(2) Notwithstanding anything contained in section 10, any such workman as is specified in sub-section (1) may, make an application direct to the Labour Court or Tribunal for adjudication of the dispute referred to therein after the expiry of forty-five days from the date he has made the application to the Conciliation Officer of the appropriate Government for conciliation of the dispute, and in receipt of such application the Labour Court or Tribunal shall have powers and jurisdiction to adjudicate upon the dispute, as if it were a dispute referred to it by the appropriate Government in accordance with the provisions of this Act and all the provisions of this Act shall apply in relation to such adjudication as they apply in relation to an industrial dispute referred to it by the appropriate Government.

(3) The application referred to in sub-section (2) shall be made to the Labour Court or Tribunal before the expiry of three years from the date of discharge, dismissal, retrenchment or otherwise termination of service as specified in sub-section (1). Further elaboration:

1. A 30 to 90 days' notice period applies in order to terminate workmen (as defined under the Industrial Disputes Act, 1947), for convenience, with 15 days' pay due for every year worked. In certain types of establishments like manufacturing units, plantations and mines, with 100 or more workmen, termination requires prior approval of the government. Only notification is required in other sectors

2. Termination cannot take place due to poor performance — it is allowed only formisconduct.

3. Between two types of employees, workman and non-workman (someone performing supervisory or managerial duty or administrative duty, and being paid beyond a certain threshold), workman has certain protection from being terminated (which is not

available to non-workman) under the Industrial Disputes Act, 1947.

4. The definition of retrenchment has been narrowly interpreted by various courts. It seems that it is generally interpreted as removing the staff due to overstaffingor poor economy etc.

5. India's labor laws supersede the provisions of labor contracts—any termination policy or clause outlined within a contract should be checked against the law by a professional.

6. Following reasons are allowed in Indian labor legislations for terminationof an employee:

   willful insubordination or disobedience; theft, fraud, or dishonesty; willful damage to or loss of employer's goods; partaking of bribes or any illegalgratification; absence without leave for more than 10 days; habitual late attendance; disorderly behavior during working hours; or habitual negligence of work.

❖ **Check your Progress**

Q: 1 Answer the following questions in detail:
1.1   How are job dissatisfaction and grievance related?
1.2   Describe grievance handling procedure in depth
1.3   Describe the legal provisions related to discharge in India.
1.4   Describe the reasons of grievance in depth.
1.5   What are the objectives of the disciplinary actions?

Q: 2 Answer the following questions briefly:
2.1   What is indiscipline?
2.2   Note down the three effects of grievance
2.3   Why should discipline be maintained in any organization?
2.4   What is Step Ladder Policy?

Q: 3 Select the most appropriate answer:
3.1   It is difficult to terminate the services of a workman on the ground of non-performance in India
(A)   Above sentence is not correct. (Correct Answer)
(B)   Above sentence is semi correct.
(C)   Above sentence is false.
(D)   Above sentence is Not Applicable in the Indian context.

3.2   _____ law is one of the most important labor law in India, when itcomes to dealing with dismissal of employees.
(A)   Factories Act
(B)   The Shops and Establishment Act
(C)   The Industrial Disputes Act (Correct Answer)
(D)   The Mines Act
(E)   All of the Above

3.3   Too much discipline and very little discipline, both are harmful. Thissentence is_____

(A) Not correct

(B) Correct (Correct Answer)

(C) Not Applicable in the Indian Context

(D) Semi Correct

(E) None of the Above

3.4   Employee With Grievance generally complains to _____

(A)   CEO

(B)   Chairman

(C)   Departmental Head (Correct Answer)

(D)   Labor law officer

(E)   HR Officer

3.5   ILO stands for _

(A)   Indian Labour Organization

(B)   International Labour Organization (Correct Answer)

(C)   Internal Labour Organization

(D)   Interim Labour Organization

(E)   None of the above

Q: 4 Differentiate between the following:

4.1   Complaint Vs Grievance

4.2   Discipline Vs Indiscipline

4.3   Suspension Vs Dismissal

4.4   Workman Vs Non-Workman

Q: 5 Fill in the Blank:

5.1_____is about making sure everyone respects rules
(Discipline)

5.2 _____ is about not following direct orders of the boss
(Insubordination)

5.3 Labour laws generally come underlist as per the Indianconstitution
(State List)

5.4 _____ is the last option in grievance management system
(Arbitration)

Q: 6 Practical Question:

Your employee has been coming late for a long time. Despite many oral warnings, he has not changed his habit. Issue a show cause notice to him. Write the show cause notice in ten sentences and clearly identify the reasons for the show cause notice.

UNIT: 10   HRM & TECHNOLOGY: HR INFORMATION SYSTEM, HRANALYTICS, HR SCORE CARD

10.1 INTRODUCTION

We need to understand a few terms before we start discussing what HRIS is:

The first term is Human Resources. Human Resources are nothing but the people, who are working for the organization – its employees. Generally their skills, experience and abilities are also considered as a part of Human Resources. Human Resources, with right skills and attitudes, are an asset to the organization.

The second term is Human Resource Management – it means that how the Human Resources (also called Human Capital) are managed using various scientific methods like recruitment, training, performance appraisal, compensation, etc. to get the best work out of them. It is a strategic process that helps company in achieving its overall strategy by aligning the strategies, related to HRM, with the overall strategies of the company. HRM department has a separate existence in most of the firms. It also deals with areas related to the labour laws.

The third term is technology. Technology is nothing but the application of knowledge of science to solve the problems faced by an industrial or a service organization or society at large. For example,

while Einstein came up with the theory of relativity – which represents the science part, the application of the same can be seen in technologieslike GPS and atom bombs.

Fourth term is a system. A system is defined as, "a set of principles or procedures according to which something is done; an organized scheme or method." by the Oxford Dictionary. For example, payroll system, The Government system etc. Systems are all around us.

Fifth term is Information is the processed data with some meaning. Data are raw facts and figures. When we process data, it becomes information. For example, 49 G 5 J 4 21– these characters and figures are data and they do not make any sense. But if I process them and put them in order GJ 5G 4921 it represents the RTO passing number of Surat it is information.

The sixth term is Information System. "Information system, an integrated set of components for collecting, storing, and processing data and for providing information and digital products." Britannica Encyclopedia. Information System (IS) is used to carryout tasks like dealing with customers, managing inventory or maintaining the employee records. So, an employee presence muster is an example of an information system. Now a days, most of the information systems are supported by Information Technology (IT).

The seventh term is HRIS (Human Resource Information System). It is basically a type of Information System, generally supported by software that deals with HR related processes in any organization like recruitment, selection, performance appraisal, communication etc. Some famous examples of the same are Workday, Oracle's PeopleSoft, SAP's Success Factors, Ultimate software, Ceridian, and ADP.

The eighth term is HR Analytics. "Human resource analytics (HR analytics) is an area in the field of analytics that refers to applying analytic processes to the human resource department of an organization in the hope of improving employee performance and therefore getting a better return on investment. HR analytics does not just deal with gathering data on employee efficiency. Instead, it aims to provide insight into each process by gathering data and then using it to make relevant decisions about how to improve these processes" - https://www.techopedia.com/

Basically, HR analytics try to establish an outcome of the activities of HR in quantifiable terms and check whether it leads to business outcomes or not. HR analytics use a lot of data. It also provides data on what impact HR has on the whole organization. Examples of HR analytics (some authors also call it HR Metrics) are cost per hire, time to hire, revenue per employee, turnover.

10.2 IMPORTANCE OF TECHNOLOGY

Introduction: We are surrounded by various technologies. The 21st century has been all about new generation of technologies like Information Technology, Robotics, ArtificialIntelligence, Internet and Internet of Things etc. Technology is useful to us in all spheresof life, including the management and Human Resource Management as well. Here are some reasons why technology is important – in general and to the business at large:

1. **Allows communication with the customers:** The technology allows for communication with the customers. Many platforms are now available where "touch points" can be created to communicate with the customers. For example, toll free numbers, email, social media (twitter, Facebook, Instagram, etc.).

2. **More productivity in operations:** The employees can accomplish more tasks with the help of technology. For example, it is now possible to store and process the data of thousands of employees and take HR policy related decisions based on that data. Or, with the introduction of ATM, the whole task of withdrawing money from the bank became automated – saving a lot of time and increasing the overall productivity.

3. **More security:** With the right technology in place, the company can securely save its trade secret and keep it away from the competitors. Though the risk of hacking is always there, a well dedicated security protocol generally allows the companies to store their data securely.

4. **Data Mining:** Data mining is nothing but finding the hidden pattern in the large amount of big data. Because a lot of data is created (about everything, for example how a customer chooses a product in a retail house or how a customer surfs various products on an online shopping portal), if one has the right technology, one can find hidden patterns in that data and make profitable decisions. For example, Banks use data mining to analyze the transactions whichthe customer does before they decide to change the bank to reduce customer attrition. Also, some outliers in transactions are analyzed for fraud detection.

5. **Globalization:** Due to globalization, many companies' operations are spread across the world. The Information Technology facilitates easy coordination amongst the operations of a company, spread across many countries. It also allows easy communication between the offices of the companies, established in various countries across the world.

6. That may be the reason why in USA, according to the book of Laudon and Laudon on MIS, the investment in Information Technology grew from 30% in 1980s to 52% in 2010, out of total

investment. India has attracted worth $9.36 billion in 2019 in tech investments, a 95% hike compared to the previous year, according to the data by a global database company, Dealroom.co (Economic Times, January 20, 2020).

Conclusion: Thus, technology is becoming more important than ever before for people in general and for the businesses too. Plus, due to COVID19 pandemic, all the firms have to go digital, technology's importance is supposed to increase even further in future.

10.3   IMPACT OF INFORMATION ON HRM:

Introduction: Today's age is of information. 21st century is considered to be the information age. Data is new oil. The big data, the volume of unstructured and structured data, that we have now a days, is so much, that traditional software cannot handle it. The big data, from the perspective of technology, is about tools and processes that must be put in place, to use this vast amount of data systematically.

For example, petabyes and hexabytes of data, consisting of trillions of records of billions of people, would be so much in volume, that it would require specialized software. This vast volume of data and information definitely affect the HRM practices, policies and processes.

1. Managers' job becomes easy: The HR Manager generally plays the role a staff manager, who advises the line managers (like Finance or Marketing Managers), on the areas related to HR, like recruitment of marketing trainees or finance trainees. The information and Information technology allow the HR managers to understand the needs of these line managers. For example, in the last five years, how many finance managers left the job and how many are required to be recruited each year. Or, at a strategic level, out of these finance managers, how many were with the skills in hedging or currency and how many had the skills related to portfolio management.

2. Effective Recruiting: The websites like job portals (e.g. Times Jobs) or LinkedIn etc. offer wonderful opportunity for recruiting the right talent. The company can upload its entire requirement onto this portal and can reach hundreds of qualified candidates with a click of a button.

Generally, such websites are a good platform to reach the large number of potential candidates with ease. It is not too costly either.

3. Customer Service and HRM: In service oriented industries like hotels and tourism, the service is highly dependent on the human

resources of the hotel. Like a hotel, based on the past orders and preferences of a particular guest, can offer customized service/experience to it. For example, by not disturbing the guest in particular time slot (the time slot that he preferred notto be disturbed during the last ten visits). Thus, it can compliment the employees in providing better service experience to the clients.

4. Career Development Services: The data and information on every employee's performance, skills and attitude can help the HR department design a career track for every employee. It can help the HR manager learn about the skill gaps that may exist in the employees and arrange the training and development programs accordingly. In other words, it can really make the job of identifying the training needs.

5. Faster Decision Making: When more information is at any manager's disposal, it will facilitate better decision making for sure. The concerned manager will not have to spend time looking for a lot of information as it would be available in the portal of the company.

6. Increased Employee Satisfaction: When the employer has more information about each employee, he/she can provide perks and other rewards that satisfy the concerned employee's needs better. For example, a young employee may look forward to a paid vacation, while, someone in his early 40s may look for cash rewards. The employer, by spending the same budgeted amount, can then fulfill the needs of both of these employees in a better way.

Conclusion: Overall, the information will allow the HR department to work more efficiently, achieving more satisfaction of employees and customers.

10.4   E-HRM IN HR INFORMATION SYSTEM

Strohmeier says that, "e-HRM as the application of information technology for networking and supporting at least two individual or collective actors in their shared performing of HRM activities." Human Resource Information Systems are primarily targeted for the HR staff. While e-HRM is targeted at the individuals beyond the HR department including the management of the company.

Ruël et al. have defined e-HRM as, "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".

Kavanagh et al. define HRIS, "system used to acquire, store, manipulate, analyze, retrieve, and distribute information regarding an organization's human resources. An HRIS is not simply computer hardware and associated HR- related software. Although an HRIS includes hardware and software, it also includes people, forms, policies and procedures, and data." It is about computerization of HR activities.

So, overall, we can say that while HRIS is primarily targeted at the individuals, working within the HR function or department, the e-HRM is about enabling the non-HR employees to carry out their HR tasks in an automated way. For example, if I am a marketing manager, but I want to check my performance data, the portal will help me with that and I shall not be dependent on HR department to retrieve it. While one example of HRIS would be if an HR manager wants to process the payroll data of all the employees, and he/she does it with the help of a software, it is a task related to HRIS.

The difference between HRIS and eHRM can be identified as the switch from the automation of HR services towards technological support of information on HR services. e-HR is the technical unlocking of HRIS for all employees of an organization.
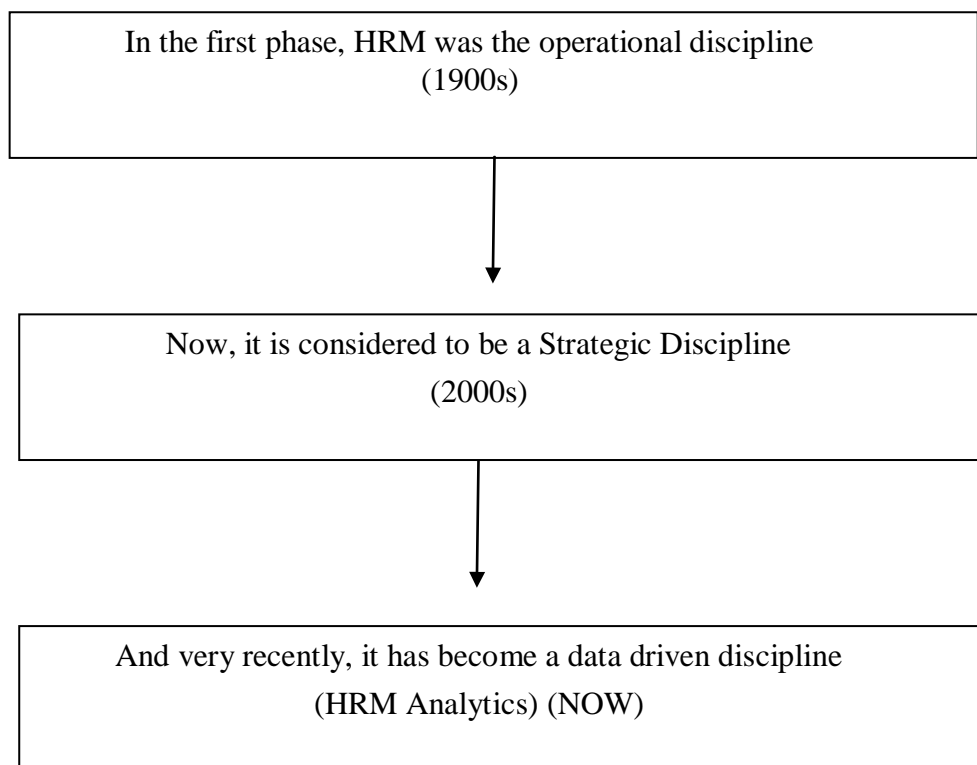
Number	Point of Difference	e-HRM	HRIS
1	Definition	e-HRM as the application of information technology for networking and supporting at least two individual or collective actors in their shared performing of HRM activities	System used to acquire, store, manipulate, nalyze, retrieve, and distribute information regarding an organization's uman resources.
2	Scope	Users beyond the HR department	Users within the HR department
3	Example	A finance manager wanting to know about his skills gap and can access it automatically without the intervention of HR department	HR manager wants to see the training gaps existing in plumbers of the plant and can retrieve data through software.
4	Overall	Overall, e-HRM's users are all the employees and management in general, who want to access their HR related data	Overall, HRIS is for HR department employees who want to carry out their HR tasks and implement HR policies, with the help of the dedicated software

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10.5 E-HRM IN HR ANALYTICS

Introduction: HR analytics is nothing, but when the data, related to HR is analyzed and its output is used to improve the organizational decision making.

Also called the people analytics, "HR analytics is the systematic identification and quantification of the people drivers of business outcomes", says Heuvel and Bondarouk. It is thus, a data driven approach towards the Human Resource Management function.

Evolution of HRM:

In the first phase, HRM was the operational discipline
(1900s)

Now, it is considered to be a Strategic Discipline
(2000s)

And very recently, it has become a data driven discipline
(HRM Analytics) (NOW)

10.6   IMPORTANCE OF HRM ANALYTICS:

1. **Make better decisions using data:** The HR analytics allows the HR department to quantify everything like cost per hire etc. It helps them make a perfect budget and spend the money on various HR processes more effectively.
2. **Helps HR department to become a strategic partner in a genuine sense:** In the past, HR department would only do its task on gut feeling and the CEO would not take the views of HR vice-

president very seriously. But with more data and analytical information at hand with the help of various HR analytics, the HR department is now more equipped to provide analytical inputs to the CEO and become a partner in strategic planning of the company.

10.7 E-HRM IN SCORE CARD

HR Scorecard is a visual representation how each HR function is aligned with the strategy of the firm. For example, compensation, training, Performance Management etc.

HR Scorecard, as the name suggests, is a scorecard (visual scorecard) that offers insights into the key measures of the productivity, achievements of the HR department that matter the most to the organization. Some of these measures are cost, hiring, turnover, training etc. Please note that HR Scorecard is not HR Balanced Scorecard. They both are different terms. Thereare five steps to create an HR scorecard:

1. Create an HR strategy map
2. Identify HR deliverables
3. Creation of HR policies, processes, and practices
4. Aligning HR systems
5. Creating HR efficiencies

An Example of HR Scorecard

Strategic Objectives	KPIs (Key Performance Indicator)
Implement Best Talent Management Practices	Number of Qualified Talents Per StrategicPositions Progress of Talent Development Plan (actualvs planned) Percentage of senior managers promoted internally
Optimize Performance Management System(PMS)	Average Competency Assessment Scores Number of Performance Feedback Session Conducted Per Year

❖ **CHECK YOUR PROGRESS**

Q: 1 Answer the following questions in detail:

1.1   What is HR Scorecard? What is its importance?

1.2   Write a note on importance of technology

1.3 What is the importance of HR analytics in today's data driven world?

1.4 What is the impact of big data on HRM practices off late?

1.5 Discuss the evolution of HRM in depth

Q: 2 Write a short note on the following:

2.1 e-HRM

2.2 System

2.3 Information System

2.4 Strategic HRM

Q:3 Select the most appropriate answer:

3.1 PeopleSoft is an example of :

A) An Analytic

B) A Metric

C) HRIS (Correct Answer)

D) e-HRM

E) None of the above

3.2 HR analytics leads to:

A) Comprehension of Processes

B) Simplification of Processes

C) Process Re-Engineering

D) Quantification of HR Processes (Correct Answer)

E) All of the above

3.3 _____are all around us.

A) Systems (Correct Answer)

B) Management Professionals

C) Analytics

D) Metrics

E) None of the Above

3.4 HRM was considered to be__in 1960s.

A) Tactical

B) Strategic

C) Analytical

D) Data Driven

E) Operational (Correct Answer)

3.5) Which of the following is NOT correct?

A) HR managers take all the decisions based on gut feeling now adays.(Correct Answer)

B) HR Managers have to look after legal compliance

C) Data is critical to HR function

D) HR is a partner in strategy

E) None of the above

Q:4 Differentiate between:

1) E-HRM Vs HRIS

2) Tactical Vs Strategic HRM

3) Data Vs Information

4) HR Scorecard Vs Balanced Scorecard

Q: 4 Fill in the blanks:

1. ____is the newest avatar of HRM (Strategic HRM).

2. Raw facts and figures are_(data).

3. ____is used by HR department people (HRIS).

4. ____is used by people beyond HR department (E-hrm).

5. ____are what lead to strategy or are short term strategies (Tactics).

Q: 5 Briefly answer the following questions:

1. Which HR Metrics would you recommend to a recruitment specialist?Why?

2. Why is HR no more considered to be an operational discipline only?

3. What is Big Data?

4. What is Data Mining?

Q: 6 Case Study:

How smart Analytics and AI will redefine the future of performance appraisals

AI and ML are making the performance appraisal process a lot more constructiveand meaningful across workplaces.

It wouldn't be an exaggeration to say that our appraisal system, today, needs a reform. In the last decade, many organizations have turned to digital solutions and products. It has brought more objectivity, transparency, and merit into performance management. Inother words, these solutions have resolved rudimentary issues in standardizing the process. The true challenge, yet, is to retain the human elements of an appraisal system.

So, what should concern you more is: are such solutions working for you?

Understanding Challenges and Resolving them via Technology

There are certain problems in the appraisal system that tech solutions can resolve. Digital technology has, to an extent, simplified the offline process via software. Doing somakes it faster, error-free, and scalable. But, the real challenge comes in retaining the human angle within such processes. Every process has a contextual reference and involves

high human-to-human interactions. Certain human biases can also affect the end-result of an appraisal.

Until now, digital solutions have been able to judge:

* Communication and workflow management
* Collection of data which has an aim (such as ratings & option-based questions)
* Data analysis of results and running algorithms to understand compensation andtalent index

In short, it is easy to replicate any logic with a controlled number of variables. Several organizations have attempted to evolve their appraisal systems based on simple techniques. Still, they have failed to do so as a large chunk of the process is a series of complex inputs, logic, and outputs. So, they have tried and fallen hard, back into their archaic methods.

The inputs and their processing make the decision-making very complicated. And, so dothe conversations and outcomes within an appraisal system. This is where Smart Analytics & AI comes into the picture.

* Let's look at a few cases where AI/ML can make significant contributions to the appraisal system.
* Framework-driven approach makes recognition of an employee's efforts easier. It helps in organizing data for better analysis. For example, colleagues can celebrate exceptional performance. They can also suggest if there is a scope for improvement.
* Sentiment Analysis and NLP of organic user feedback as positive, negative, or neutral. It also gives real-time performance analysis.
* AI-driven algorithm to give a continuous work-life score to the employees. It is also nota recency biased, once-a-year rating.
* Deep API-integrations with work tools such as Gmail, Google Calendars, Slack, andmany more in the future. It can curate scattered feedback in one place. It can also lend more efficient insights into an employee's performance over a given period.
* Analytics helps the user to get the most from the feedback. It guides how to improve rather than informing how one failed. This has a constructive impact on an employee'sproductivity.
* Artificial Intelligence has reduced the time to give/view/take action on feedback. Thisholds for both employees and the HR manager.

Smart Suggestions based on feedback/project/workspace data and AI:

* Suggestions on target users to cheer(recognize) and boost(constructive feedback)
* Suggestions on skills/badges
* Feedback reminders
* Project feed
* Activity feed reminders for Calendar/Jira tasks.

New-age technologies have amplified the performance assessment process. And, they have taken it way beyond the traditional indicators. This intervention has made the experience constructive and meaningful across workplaces. Who knows? The next one can be yours!

Question: Do you agree with the idea, that technologies mentioned in the text above, can solve the problems associated with traditional performance appraisal? Share your views.

Source: https://cio.economictimes.indiatimes.com/news/next-gen-technologies/how-smart-analytics-and-ai-will-redefine-the-future-of-performance-appraisals/77077356

Key Words: HRM, Technology, HR Scorecard, HR Analytics, Information System, Technology, Human Resource Information System, e-HRM, Strategic HRM, Data.

યુનિવર્સિટી ગીત

સ્વાધ્યાયઃ પરમં તપઃ
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શિક્ષણ, સંસ્કૃતિ, સદ્ભાવ, દિવ્યબોધનું ધામ
ડૉ. બાબાસાહેબ આંબેડકર ઓપન યુનિવર્સિટી નામ;
સૌને સૌની પાંખ મળે, ને સૌને સૌનું આભ,
દશે દિશામાં સ્મિત વહે હો દશે દિશે શુભ-લાભ.

અભણ રહી અજ્ઞાનના શાને, અંધકારને પીવો ?
કહે બુદ્ધ આંબેડકર કહે, તું થા તારો દીવો;
શારદીય અજવાળા પહોંચ્યાં ગુર્જર ગામે ગામ
ધ્રુવ તારકની જેમ ઝળહળે એકલવ્યની શાન.

સરસ્વતીના મયૂર તમારે ફળિયે આવી ગહેકે
અંધકારને હડસેલીને ઉજાસના ફૂલ મહેંકે;
બંધન નહીં કો સ્થાન સમયના જવું ન ઘરથી દૂર
ઘર આવી મા હરે શારદા દૈન્ય તિમિરના પૂર.

સંસ્કારોની સુગંધ મહેંકે, મન મંદિરને ધામે
સુખની ટપાલ પહોંચે સૌને પોતાને સરનામે;
સમાજ કેરે દરિયે હાંકી શિક્ષણ કેરું વહાણ,
આવો કરીયે આપણ સૌ
ભવ્ય રાષ્ટ્ર નિર્માણ...
દિવ્ય રાષ્ટ્ર નિર્માણ...
ભવ્ય રાષ્ટ્ર નિર્માણ