BAOU
Education for All

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

NAAC ACCREDITED A++ GRADE 3.55/4

# BBA
# SEMESTER - 4
# BBACC402
# HUMAN RESOURCE MANAGEMENT

## 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 '4ाधय्ायः परमम तपः' 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.

# Dr. Babasaheb Ambedkar Open University

(Established by Government of Gujarat)

*BBACC402*

*SEMESTER - 4*

*HUMAN RESOURCE MANAGEMENT*

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# BBA SEMESTER-4

## Human Resource Management

## BLOCK: 1

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# Unit : 1
# Introduction to Human Resource

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## 1.1 Introduction

A human being is a social creature and rarely prefers to live and work alone. We always knowingly or unknowingly plan, develop and maintain our relationships. Relationships are the result of our actions and reactions and it depends on our ability to maintain our actions and reactions. From childhood, every person keeps acquiring the knowledge and experience of how to behave by understanding others in any situation in life and further, using that understanding, we try to maintain relationships at the workplace. Human resource management is based on the main pillar of maintaining relationships at the workplace.

Since the mid-1980s, Human Resource Management (HRM) has been accepted in both academic and business fields. Human Resource Management is a multidisciplinary system that demonstrates various methods and ideologies of fields like management, psychology, sociology, economics, etc There is no best way for human management and no formula for managers to effectively manage people.

Because, people are complex human beings with complex needs. In 1994, an expert in human resource management presented an observation that "In the past, the company that had enough capital and modern technology could take the most competitive advantage. Today, the company that can provide the best quality goods remains ahead in the competition. But in the future, only the company that has the best and efficient employees in the system will be able to gain this advantage."

Senior managers of any size company in the private sector agree that these employees are the company's most valuable asset. To remain competitive and for the development of the unit, it is important that its employees have full competence. They are appointed in the right place, properly trained, effectively maintained and eager to work dedicatedly for the success of the unit. The aim of human resource management is to maximize the contribution of employees to achieve maximum productivity while fulfilling individual goals (such as rewarding work, creating identity) and social goals (such as legal obligations, social responsibility, etc).

## 1.2 Concept of Human Resource

Human resource management is the practice of dealing with human (employees and managers) in a predominantly business unit. 'Managing people' is a very important and challenging task. Because people's nature is very fickle. No two individuals are ever alike in terms of mental capacity, emotionality, or attitude. They are largely seen as unequal due to the effects of many variables. People are reactive. They experience, think and act. Therefore, they cannot be worked or manipulated like machines. And for that, they should be employed very affectionately by the management authority.

Human resource management is the process of maintaining or caring for the employees of the organization with a human approach. The human resource approach develops in the managers the view that the employees of the unit are an important resource. This is an approach / concept that not only uses human power for the benefit of the unit but also for their (employees') growth, development and self-satisfaction.

Thus, human resource management is a system that focuses on human resource development on the one hand and effective management of employees on the other. So, they also experience human dignity from their employment. Human resource management is concerned with providing human dignity to employees by taking into account the employee's ability, potential, skills, achievements, motivations, habits, work ethic, work capacity, etc Therefore, their personality is recognized as an invaluable human being. If a business unit can trust or rely on the power of its assets, it can trust or rely more on ethical, skilled, committed and capable employees.

The main asset of any unit is its human resource i.e. 'employees doing the

work'. According to Leon C. Meggison (national point of view) "Human resource is the knowledge skill, creative ability, habit and attitude obtained from the human community" whereas from the point of view of a business unit, human resource is the skill, attitude, acquired knowledge and easy ability of its employees as well as their values, attitudes and beliefs.

In the success of any unit, human resource is of utmost importance. Because, in the organizational system, human and social failures are the cause of problems arising more than physical, technical or financial failures. In the words of Oliver Shelden, "No unit can run successfully for a long time, unless it fundamentally knows that it is fundamentally human."

Human Resource Management deals with the 'people' that come in the circle of management. Every unit is made up of people who provide their services, and develop their skills. It gives encouragement for high standards of performance and gives the impression that it is necessary to maintain their loyalty to the unit in order to achieve organizational goals. This is true for any type of unit. Such as governmental, business, educational, health-oriented or social work. Getting and keeping good people is a very difficult thing. Then whether it is for profit or non-profit, public or private.

## 1.3 Human Resource Management - Meaning and Definition

Human Resource Management can be presented in two meanings. First, "Human Resource Management is the process of managing the employees of an organization in a systematic and organized manner." Which includes acquiring employees, fixing their rate of compensation, performance management, etc This is a pragmatic or traditional definition of Human Resource Management. Some experts also call it a modern version of what was called Personnel Management years ago.

While the second definition "Human Resource Management includes the management of organizational employees in a broad or expanded perspective. Such as interrelationships between managers and employees."

This approach focuses on the objectives of the scope of Human Resource Management. It means that in contemporary organizations, human resource places special emphasis on employee development and 'career relationship' for employee retention. Which is beneficial for both managers and employees.

In simple words, Human Resource Management is such a management function that helps the manager for the recruitment, selection, training and development of the employees of the organization or Human Resource Management is the process of efficient and effective utilization of human resources for the achievement of the objectives of the unit.

- **According to Dunn & Stephens,** "Human Resource Management is the process of attracting, retaining and motivating all employees."

- **According to The National Institute of Personnel Management (NIPM)** of India, "Human Resource Management is that part of management which is concerned with people at work and their interrelationships within an organization. Its main objective is to bring everyone together and develop an effective unit / organization."
- **Human Resource Management** is such a management function that deals with matters like employing, motivating and retaining employees in a unit. Human Resource Management is the practice of creating a managerial system to ensure the efficient and effective use of human skills for the achievement of the unit's objectives.
- **According to Edward B. Philippo,** "Human Resource Management is employee-oriented work that is concerned with acquiring, developing, compensating and maintaining the employees of the unit for the purpose of contributing to the achievement of the unit's objectives."
- **According to Invancevich & Glueck,** "Human Resource Management is concerned with the efficient and effective use of employees to achieve organizational and individual goals. It is the job of managing people so that they can give their best contribution to the unit."
- **According to Dessler,** "Human Resource Management includes all activities, policies and behaviors necessary to acquire, develop, use, evaluate, and maintain the number and skills of employees to fulfill the objectives of the unit."

## 1.4 Origin and Development of Human Resource Management

It is believed that the origin and development of human resource management in India took place in modern times. But in fact, Kautilya in E.S. Before 400, in his book 'Arthashastra', has mentioned some important aspects of human resource management. Even at that time, the human resource management practices shown by Kautilya were also implemented at that time. Modern thinkers believe that the development of human resource management took place in the period after independence.

However, the importance of human resource officers seems to have been accepted in the early 1929's. But the appointment of these officers for the settlement of labor and welfare issues seems to have taken place only after the Factory Act of 1948 came into force. According to section 49 of this Act, a factory employing more than 500 employees had to appoint a Welfare Officer. Initially, the government included only a few limited aspects of employee welfare. According to which the British Colonial Appointment Regulation of 1830 was implemented for Indian

laborers. The important stages of human resource management can be presented briefly as follows :

In the field of human resource management, employees are seen from economic, social, psychological and spiritual perspectives in modern development. The year-wise stages of development of human resource management can be presented as follows :

- ⇨ In the year 1995, the beginning of the division of human resource development.
- ⇨ In the year 1998, the beginning of human resource management, cultural change, teamwork and cooperative management, moreover, the focus on quality management in human resource management, employee empowerment and development of empowerment groups and the inclusion of human resource manage, with strategic management, acceptance of human resource management to survive upheaval of the business world in the 21 st century
- ⇨ In the year 1999, establishment of the Second National Commission of Labor to study the condition of laborers
- ⇨ In the year 2001, emphasis was placed on the ideal size of the system (smart size).
- ⇨ In the year 2002, more attention was paid to the employee's positive attitude instead of his knowledge and skills
- ⇨ In the year 2003, emphasis on emotional quotient (EQ) instead of intelligence quotient (IQ)
- ⇨ In the year 2004, emphasis on knowledge-bearing employees instead of skilled employees
- ⇨ In the year 2005, change towards flexible structure instead of hierarchical structure
- ⇨ In the year 2006, Human Resource Management became an important part of Strategic Managenment.
- ⇨ In the year 2007, Human Resource Management was accepted as Human Capital Management.
- ⇨ In the year 2008, emphasis was placed on retention management and development of its human resources by companies with the help of universities and colleges. In the same year, business activities saw a decline due to the global recession.
- ⇨ In the year 2009, job cuts, salary cuts, etc started due to the universal global recession.
- ⇨ In the year 2014, emphasis was placed on talent management and flexible human resource policies and practices. Thus, in India, the ideology of human resource management has gradually become more and more mature over time as above.

## 1.5 Nature of Human Resource Management

Human Resource Management is a management function that helps managers acquire, select, train and develop the members needed for a unit. Human Resource Management mainly deals with matters related to people in the system. The following main points form the main components of human resource management :

1) Human Resource Management is associated with the implementation of management functions and principles. These functions and principles mainly apply to matters of acquiring, developing, maintaining and compensating the employees of the unit.

2) Any employee related decision should be systematic. Decisions on various employee-centric matters must be related or linked to other human resource decisions.

3) Decisions always affect the effectiveness of any unit. And the effectiveness of the unit always results in providing the best quality product to the customer at a reasonable price or providing service.

4) The functions of human resource are not only limited to business units but also apply to non- business units such as educational units, health units, entertainment units, etc Human Resource Management is actually a group of different programs, functions and practices designed to enhance the importance of the employee along with the effectiveness of the unit.

## 1.6 Characteristics of Human Resource Management

Human Resource Management is a process and ideology of acquiring, developing, using and maintaining competitive manpower to achieve organizational objectives effectively and efficiently. The concept of human resource management has two types of recurrences - first, it focuses on managing employees in such a way that their capabilities can be competitively leveraged. While the second is related to maintaining employees as valuable assets or as a source of their loyalty, efficiency and high quality. Today's human resource management is a recurrence that includes both these things. Thus, human resource management means management of human energy and capabilities.

**1) It is both art and science :**

The art and science of human resource management are both very complex. Human Resource Management is also the art and science of managing people (employees) with a creative and exploratory approach because it also applies necessary, specific and refined principles and theories.

**2) It is widespread :**

Human resource development includes people of all categories at all levels. It includes managers as well as all executive employees. No discrimination is made at any level or in any category. Thus, it is widespread or universal.

Because it is necessary for every level and every department of the unit. It is followed by all types of units. Even if it is for-profit unit or non-profit unit.

**3) It is a continuous process :**

In which one has to perform different types of different functions in sequence, thus it is a process. It starts with human resource planning, then recruitment, then selection, then training and then performance report has to be handled.

In short, the human resource process includes acquisition (human resource planning, recruitment, selection, appointment, socialization), development (training and development, career development), use (job design, motivation, performance appraisal, compensation management) and maintenance (labor relations, employee discipline, grievance redressal, employee welfare), etc If seen in another way, human resource management is an internal activity. Therefore, it can also be said that it is a continuous process.

**4) It is a service function :**

Human Resource Management is not a profit center. It provides services to all other functional departments. However, the original responsibility always rests with the line manager. Human Resource Management is an employee function. The Human Resource Manager has line authority for his department. But employee authority (staff authority) is extended to the employees of other departments as far as it applies.

**5) It is in accordance with the law :**

Human Resource Management should always be implemented in such a way that no legal policy-rules are violated. Such as, equal work-equal opportunity-equal pay, inclusion of all castes, inclusion of backward and exploited classes also for benefit, human rights should not be violated, etc are taken care of by the Human Resource Manager.

**6) Interdisciplinary and highly transformative :**

It includes welfare, manpower, employee management, keeping employees close to managers, industrial relations, etc These are various disciplinary practices for which knowledge of subjects like psychology, sociology, economics, etc will be useful. It automatically transforms with the changes taking place in the internal-external environment. It is a journey from employee exploitation to employee participation in work.

**7) Focus on outcomes :**

Human Resource Management is a performance-oriented practice. In which emphasis is always placed on outcomes and not on rules. It motivates the

employee to work with his full efficiency. It strives to acquire and retain the best of the employee for the achievement of the business unit's objectives. It builds bridges between people, and connects them better. It encourages everyone to achieve the main goal of the unit together. It is commitment oriented.

**8) People at Center :**

Human Resource Management is for people working individually or in groups. It helps employees to increase and develop their efficiency. It includes all types of human-centric functions. Such as, employee acquisition, training and development, performance appraisal, work environment, etc It is the responsibility of the Human Resource Manager to create human capital and develop and maintain it. Employees should be committed to the achievement of the unit's objectives. Organizational quality always depends on the quality of its employees.

**9) Ideology of Human Relations :**

The main ideology or assumption of Human Resource Management is that employees are human and are not mere resources like other means of production, land, labor and capital. Human Resource Management recognizes the individual differences inherent in the personality of the employee. It is also essential for every manager to have social skills to manage different employees.

**10) It is a systematic concept :**

The scope of Human Resource Management mainly includes employee matters, welfare-related matters and industrial relations matters. It does all this work systematically i.e. by connecting with each other. Its function is not only to acquire employees but also to develop, use and maintain employees.

**11) Human Resource Management is the process of individual management :**
Every human nature, likes-dislikes, attitudes, expectations, etc are all different from each other. So it is natural that it will not be possible to manage them all by giving a uniform formula. Human Resource Management handles the management practice by keeping every employee or group of employees in mind. Therefore, it can be said that it is the process of individual management.

**12) Human Resource Management is a challenging task :**

Human nature is fickle and it does not always give the same reaction. Secondly, every employee has a different nature in every way, physically, mentally, socially. In these circumstances, it is natural that human resource management remains a challenging task.

**13) Human Resource Management is a universal practice :**

Human Resource Management is not just an activity taking place at one level. It is found at both high and low levels. It is for every size unit, small, medium and large. It is in both boom and bust situations. It performs its function at every level of every type. Therefore it can be said that it is a universal practice.

**14) Human Resource Management is a part of Strategic Management :**

Strategic management has become very essential in the modern era. In the competitive era, the need for various types of strategies is felt for the success of the unit. It is also necessary to use. the human resources of the unit from a scientific point of view. So it is natural that it is also a part of this strategic framework.

**15) Human Resource Management is the process of systematically linking all objectives with each other :**

If there is no coordination between the individual objectives of the employees, the departmental objectives of each department and the overall objectives of the unit, then it is natural that success is not possible.

## 1.7 Objectives of Human Resource Management

The main objective of human resource management is to achieve the objectives of the business unit. Therefore, the proper use of these resources is only for the purpose of achieving these objectives. Some points explaining the importance of human resource management is as follows :

**1) Effective Use of Resources :**

Human resource management enables effective use of resources. Human resource management teaches how to use human and non-human resources for the purpose of achieving objectives. The unit invites the Human Resource Management Department to formulate necessary policies and principles for the effective use of resources.

**2) Organizational Structure :**

The organizational structure defines the working relationship between employees and managers. It determines the working responsibility and authority of each employee working in the unit. It also explains the position, status and duties, responsibilities and other executive relations of the employee. The Human Resource Management System provides accurate and complete information at the right time. Thus, human resource management is helpful in performing the work of maintaining the organizational structure.

**3) Development of Human Resources :**

Human resource management provides a favorable working environment to the employee so that the employees working in the unit can work with full creativity. This matter helps them in developing their creative knowledge, habits and skills. For the personal development of the employee, human resource management implements various programs of training and development so that the employee gets various opportunities for the development of his career as well as opportunities to increase his ability to work.

**4) Feeling of Respect as Human :**

Another important aspect of human resource management is that it provides an environment that respects every employee as a human being. Human resource management provides all kinds of facilities and amenities to the employees with respect. Because, organizational employee's needs arise from a harmonious attitude. Human resource management emphasizes on developing good and harmonious relations between employees working in the unit and with managers. Thus, a good human resource management system helps in creating a sense of respect among the employees.

**5. Linking Objectives :**

Human resource management establishes a link between personal objectives and unitary objectives so that harmony can be achieved between the objectives. If the objectives are contradictory or different then it is possible that the employees will not be able to work with full dedication and enthusiasm. Thus, for effective and efficient use of business resources, it is necessary to have harmony between personal objectives and institutional objectives. This makes human resource management possible.

**6. Employee Self Satisfaction :**

Human resource management provides excellent facilities and opportunities to the employees to build their career in a systematic manner. This matter leads to work satisfaction and commitment. When all kinds of facilities and amenities are provided to the employees, it is natural that they will be fully satisfied with their efficiency and will experience a kind of self- satisfaction.

**7. Employee Discipline and Enthusiasm :**

Human resource management tries to encourage employee discipline and enthusiasm by giving employee efficiency / work based benefits. From that a healthy and friendly working environment emerges.

**8. Organizational Productivity :**

Human resource management emphasizes on achieving high productivity and making maximum and effective use of available resources. It makes it easier to achieve the objectives of the unit.

## 1.8 Scope of Human Resource Management

Human resource is a key or main resource for any unit. But managing it is a very complex matter. The objectives of human resource management range from estimating the need for manpower to maintaining and managing them. Effective implementation of effective work arrangements and various policies, development programs, procedures is very important for effective management of human resources. All these matters are related to developing knowledge, skills, creativity, experience and habits and making maximum use of it.

Human resource management is not limited to the maximum utilization and management of manpower only. But focuses on managing the physical abilities and emotions of the employees. With the passage of time, the field of human resource management is expanding day by day, it is not limited to human resource planning, recruitment and development, pay-role management, career evaluation, industrial relations, grievance redressal, etc But it also involves maintaining inter-relationships among employees at the workplace and harmonious relationships with managers as well as maintaining harmony between personal and unit goals.

The field of human resource management is expanding on a very wide scale. So it is very difficult to present it in brief. However, we can present it by dividing it under the following heads.

❖ **Human Resource Management in Employee Management :**

This is a type of manpower management which includes manpower planning, recruitment and selection, training and development, transfer, promotion, compensation, employee empowerment, etc The main objective of all this is to increase personal growth, development and effectiveness which directly contributes to the development of the unit. It also includes career evaluation, development of new skills, distribution of salary, benefits, travel policies as well as other matters.

❖ **Human Resource Managenment in Employee Welfare :**

This is a specific category of human resource management that deals with matters such as the condition of the employee and the facilities at the workplace. This matter largely includes responsibilities and facilities. Such as, safety services, health services, welfare funds, social security, recreational services, etc, its safety officer appointment, favorable workplace environment, removal of obstacles at workplace, cooperation of senior managers, work safety, safe machinery, clean-cleanliness, proper air-ventilation and disposal of garbage, medical assistance, benefits in sickness, employee accident

benefits, maternity benefits, unemployment benefits, family benefits, etc also includes.

It also includes the active participation of both the employee and the managers for matters like supervision-monitoring, employee satisfaction, establishment of harmonious relations with the employee, education and training, employee welfare, etc In addition to this, if we add, it also includes matters like canteen facility, rest and food room, home loan, travel allowance and medical allowance, education-health and safety, entertainment facilities, etc

❖ **Human Resource Management in Industrial Relations :**

This is a very sensitive field of operation. For this, matters like negotiating with employee organizations or labor / labor organizations, proper presentation of their grievances and effectively resolving their disputes / differences are necessary so that a worker-friendly peace and harmonious environment prevails in the unit. Thus, it is both an art and a science for matters like employment relations, collective management, collective satisfaction, discipline procedure, resolution of problems through internal efforts, understanding of human behavior, maintenance of work relations and understanding-based work for dispute/ difference resolution.

Its main objective is to protect the interests of the employee at a high level of understanding without any kind of negative impact on the unit. It is the work of establishing, developing and encouraging necessary industrial democracy to protect the interests or benefits of employees and managers.

Thus, the field of human resource management is very wide. It includes all the activities of the employee during the tenure of the employee from the time of entry into the unit till the time of leaving the unit. In a study conducted by the American Society for Training and Development in this regard, the field of human resource management was mainly divided into the following nine fields.

1) **Human Resource Planning**
2) **Organizational Work Structure**
3) **Selection and Recruitment**
4) **Training and Development**
5) **Organizational Development**
6) **Compensation and Benefits**
7) **Employee Assistance**
8) **Relations with Labor Organizations**
9) **Personal Research and Information System**

**1) Human Resource Planning :**

The main objective of human resource planning is to obtain the right type of employees for the unit at the right time and at the right place. It performs the work of preparing human resources by keeping in mind the present and future needs, capabilities and possible shortages of human resources. Furthermore, human resource planning performs the work of assessing human resource demand and supply and finding sources of selection. Human resource planning develops long and short term strategies to meet human needs.

**2) Organizational Work Structure :**

It mainly deals with the work of structuring the organizational structure, distribution of powers and responsibilities and relations. That is, it explains the work related matters at each level of the organization. Which is determined by job analysis (Job Description). Another important task is Job Specification. The type of or habit-bearing employee required to perform the work specified by the job analysis can be known from the job specification.

**3) Selection and Recruitment :**

This is the process of employee recruitment and selection. It includes the work of comparing and selecting the available potential employees / people with the available job specifications and career expectations in the unit.

**4) Training and Development :**

There is a need for development of knowledge and skills of the employee not only to work in the present time in the unit but also in the context of the future and for that it is necessary to give him training, it includes the work of deciding that matter. By giving training to the employee, not only does the knowledge and skill develop personally, but also the unit develops with it.

**5) Organizational Development :**

This is an important task through which 'Synergetic effect' emerges in the unit. Such as, development of inter-personal and inter-group relations in the unit. The development of inter- relationships creates an atmosphere of peace and goodwill and cooperation in the unit. Maintains industrial

peace. Due to which the permanent and sustainable development of the unit takes place.

**6) Compensation and Benefits :**

This is the field of administration of salary and wages. Where the rate of salary and compensation is determined scientifically on a reasonable and equal basis. Furthermore, it also includes the measures of labor / employee welfare which includes various types of benefits and services.

**7) Employee Assistance :**

Every employee is different in terms of qualifications, personality, expectations and tolerance. They always face some problem / difficulty. Some have personal problems and some have work related problems. They are always worried about that. To keep the employee more productive or happy, it is necessary to remove his worries. And for that, human resource management tries to be helpful to the employees as far as possible.

**8) Relationship with Employee Organizations :**

There should be healthy or good relations with industrial and labor organizations. It is very important to increase institutional / peace and productivity. This is an important field of operation of human resource management.

**9) Individual Research and Information System :**

Behavioral science knowledge and industrial psychology place special emphasis on employee expectations, aspirations and behavior. Modern technology of creation and production creates a kind of working environment. Which is very different or different from the years of the past. New fields of livelihood have emerged due to econonmic globalization. Thus, continuous research in the field of human resources has become an inevitable necessity. Especially, effective information communication through effective information communication media regarding incentives and encouragement is also becoming as necessary or necessary.

Human resource management is a broad concept. Employee Management and Human Resource Development (HRD) have become part of Human Resource Management.

## 1.9 Importance of Human Resource Management

The importance of Human Resource Management has been discussed by Yoder, Heneman and others from three points of view as follows...

**1) Social Importance :**

Proper employee management always emphasizes on satisfying the social needs of the employee and increasing their dedication. This is possible as follows :

(a) By maintaining balance between job seekers and available jobs according to qualifications and needs

(b) By providing suitable and maximum productive employment so that they can get psychological self-satisfaction

(c) By making maximumn use of the resources effectively and paying reasonable compensation to the employee in proportion to their contribution / work

(d) By managing the power / energy and health of the employee and by using human resources properly and preventing the wastage of resources

(e) By being helpful to them by taking decisions related to them in the interest of the employee

**2) Business Importance :**

By providing an excellent working environment, the employee can be encouraged for collective or group work (team work). This is possible as follows :

(a) By maintaining their dignity with the feeling that the employee is also human

(b) By providing more and more opportunities for personal development

(c) By developing healthy relations between different work groups, so that they can work effectively with full efficiency

(d) By developing the work efficiency and capacity of the employees

(e) By Maintaining proper work relation and by Correcting the mistake of improper appointment

**3) Unitary Importance :**

It can be helpful to the business unit for the achievement of its objectives. This is possible,

(a) By creating a positive attitude towards the employee through effective motivation

(b) By making effective use of the employees for the purpose of achieving the objectives and by identifying the social and psychological needs of the employees, fulfilling love-affection- emotion-aspiration-self-satisfaction, etc

## 1.10 Functions of Human Resource Management

Human resource management plays a very important role in making the unit ready to face the challenges of the increasing and expanding competitive field. Some authors present the functions of human resource management through the following seven main functions :

(1) Strategic Human Resource Management

(2) Creation of Equal Employment Opportunities

(3) Creation of Necessary Employee Supply as per Demand

(4) Management and Development of Employee Skills

(5) Planning of Reasonable Compensation, Benefits, Insurance for Employees

(6) Risk Management and Employee Safety

(7) Employee and Manager Relations

The function of human resource management is limited within the unit which mainly emphasizes on the recruitment, management and the guidelines or policy-rules required for it. Its function is mainly related to acquiring, compensating, efficiency, safety, benefits, encouragement, training, etc of the company's employees. An ideal human resource management is constantly striving to make the manpower effective and efficient to fulfill the objectives and goals of the unit. We can divide the functions of human resource management into three main categories.

**(a) Executive Functions (Operative Functions)**

**(b) Managerial Functions**

**(c) Advisory Functions**

Now, let us understand all these three categories in detail.

**(A) Executive Functions (Operative Functions) :-**

**1. Recruitment and Selection :**

This is a challenging task for any human resource manager. A lot of concentration is required for the selection / selection of potential employees and to retain them. For the work of recruitment, one has to go through many other stages such as, work description, publishing advertisement, source for potential candidate, organizing interview, satisfaction regarding salary, offering job, etc

**2. Work Analysis and Structure :**

Work analysis is the process of describing the nature of the work. And it clarifies what kind of qualifications, skills and work experience are required of an employee to perform that work. Work design deals with deciding matters like method of doing work, duties and responsibilities, etc

**3. Training and Development :**

Training of employees is the responsibility of the Human Resource Department. Most units organize training for newly recruited employees. While some units organize training from ime to time as per the requirement for both new and old types of employees. New employees are given training with the aim of making them fully ready and capable regarding the work they have to do. With this type of training, the employee becomes fully familiar with the work so that he can do it easily when it comes to working. This training is constantly monitored and measured on the results during the program.

**4. Business Development :**

This is a very important function of human resource management. This function provides the employee with the opportunity for business development. The unit organizes seminars, trade shows, business responsibilities, etc for its employees under this function. With this work, the employee experiences that their (employee's) development in the unit is also being attempted by their superiors and the unit.

**5. Compensation and Benefits :**

Any company can achieve its goals and objectives only when it adopts new avenues to provide various types of benefits to the employees. Apart from regular salary or wages, the benefits like flexibility in working hours, increase in holidays, health related insurance, maternity or paternity leave benefits, benefits of children's education expenses are mainly given to the employees by the unit.

**6. Evaluation of Employee Performance :**

The performance of the employees is continuously or periodically evaluated by the Human Resource Department. Through the work of the Human Resource Department, the unit gets information whether its employees are working towards the goals and objectives of the unit or not? On the other hand, it is also known whether the employees need

any work related improvement or not? If a need is identified, efforts can be made to increase their efficiency by organizing training. This type of evaluation helps the Human Resource Department to organize special training programs for the employees whose performance is weak.

**7. Legal Compliance Account :**

This function of human resources is very important to keep the business unit safe. The Human Resource Management Department should be familiar with all types of laws and policies-rules related to employment, working conditions, working time limits (hours), Overtime, minimum wage rate, tax allowances, etc It is essential to comply with or not violate these types of laws to maintain the existence of the business unit.

**8. Employee Welfare Activities :**

Currently, every unit undertakes various types of welfare activities for its employees. Some welfare activities have also been implemented with related laws. Such as, Employee Pension Scheme, Accident Insurance, Provident Fund, Accident Compensation, Protection and Safety against Work Risks, etc Thus, it is the responsibility of the Human Resource Department to manage the various activities of employee welfare properly. Some units also provide work such as education for the children of the employees, canteen facility for the emplovees. medical facility, entertainment facility, etc

**9. Employee Retention :**

It is universally accepted that human resource is an asset for the unit. It is not considered a good thing for a business unit if the labor / employee turnover rate is high. Every unit tries to retain its best employee in the unit. All the work for this is managed by the Human Resource Department.

**10. Relationship with Employee Unions :**

This function denmonstrates the work to be done in consultation with the representatives of the employee unions by the Human Resource Management Department. Mostly the employees form the organization to raise their voice in the presentation of matters like salary, work environnment, other benefits, etc The Human Resource Department performs the work of maintaining good relations with these organizations.

**11. Individual Research :**

From time to time, the Human Resource Management Department conducts individual researches or surveys to know the views or opinions of the employees and managers regarding matters like wages and salaries, work environment, promotion and transfer, welfare activities, leadership, etc Such researches are very helpful in understanding matters like employee satisfaction, employee turnover, employee attrition, etc

**12. Record of Personal Information :**

This function deals with the recording, maintenance and retrieval of employee-related information. Such as, employee's application, career history, working hours, income, absenteeism and attendance, wage transfer and details of the employee, etc

**(B) Managerial Functions :-**

**1. Planning :**

This is a very important function to achieve the predetermined goals and objectives of the business unit. Different policies and methods are formulated to achieve these goals and objectives. When it comes to the planning stage, first of all, the work of obtainig information about the vacant employee positions of the unit, determining the work requirement and determining the source of recruitment is done.

For each work group, this estimate of demand and supply is made. For this, the Human Resource Manager should be aware of both the career market and the strategic goals of the company. If it appears that there is an employee shortage during the specified period, the Human Resource Manager prepares an action plan to fill this shortage.

**2. Organising :**

The second major managerial function is to create and develop the business system. Which mainly includes the following matters :

(a) Grouping is done in different groups based on the work to be done by the employees,

(b) Distribution of different functions to different individuals,

(C) Distribution of powers and assignment of responsibilities in proportion to the work.

**3. Motivation :**

This function is pre-determined to motivate the employees for the achievement of goals. This function is organized by properly organizing the employee's career, using various incentive methods and creating a friendly atmosphere with the employee. This is a challenging task for the Human Resource Manager in any unit.

For this function, it is necessary for him to have the ability to identify the individual needs of cach employee and to satisty those necds. Motivation is a continuous process. Because, as soon as one need is satisfied, another need arises.

**4. Control :**

This function is based on the indication of the work to be done according to the pre-planned basis on the business goals. A cycle is completed with the function of control and then comes the stage of planning.

Here, the actual results obtained after the actual practice are compared with the standards prescribed in the planning stage. So that the difference between them can be known and this difference can be corrected during the second cycle.

**(C) Advisory Functions :-**

**1. Advice to Senior Managers :**

The Human Resource Manager is an expert in Human Resource Management. He can give advice or guidance to senior managers regarding the formulation of employee related policies and procedures. He can also give consideration and advice to the managers on human resource/lemployee valuation as he deems necessary. This function also includes giving advice-suggestions or guidance to the concerned managers related to maintaining high quality human relations and increasing employee enthusiasm.

**2. Advice to Department Heads**

Under this function, the Human Resource Manager can also provide guidance or advice- suggestions to the heads of various departments regarding various policies related to work structure, work distribution, recruitment, selection, valuation, etc

## 1.11 Principles of Human Resource Management

Human Resource Management is inspired or guided by many important factors. These factors are very important for the success of any business unit. Some experts describe the principles of Human Resource Management as 10 C'S of Human Resource Management, which are as follows :

❖ **Comprehensiveness or Universal :**

Keeping in mind that the human resource you have in the unit is a valuable resource, it includes proper management of every aspect of all the people you have to work with. It means that if the employee needs financial, health related, transportation, equipment and any other kind of need to work, then it is nccessary to take full care or maintenance of it.

❖ **Cost-effectiveness / Expense :**

The unit should be aware that their employee compensation / salary structure is appropriate to the employee's work. The compensation structure for employees should be such that it is reasonable for the employee as well as not burdensome for the unit.

❖ **Control :**

The employees of the company should also be under control and should be aware that we achieve and maintain the prescribed productivity and quality.

❖ **Coherence and Consistency :**

Every step taken by Human Resource Management should be in accordance with the business mission and vision. That is, all decisions should be such that the unit becomes mobile towards the fulfillment of its goals and objectives.

❖ **Communication**

Information communication is very important in every business unit. Regarding information communication, the unit should be aware that the flow of information communication in the unit is as per its requirement. Because, effective information communication from both the perspectives is necessary, managerial information regarding the work of the unit and reports to"the managers after the work, is an indispensable requirement.

❖ **Creativity :**

Creativity is a key factor if the unit wants to be efficient in Human Resource Management. The unit should adopt new avenues of Human Resource Management that are appropriate to their needs and circumstances.

❖ **Competency :**

This is a systemic responsibility according to which the unit should be aware that its employees are fully competent to perform their work or duty. Because, any unit can survive in competitive matters against other units only if it has skilled or expert manpower available.

❖ **Credibility -Reliability :**

The unit should be aware that it has an ideal brand or footprint on which the credibility of its customers remains. The element of credibility is very important for the long term existence of the unit.

❖ **Change :**

Change is an inevitable thing for any business unit. In order to achieve the best results, the unit also needs to bring about periodic changes in Human Resource Management. To fulfill these goals or objectives, it is necessary for the unit to have a committed and dedicated workforce and it is the responsibility of the unit to always motivate its employees and increase their enthusiasm so that the employees remain loyal and committed to the unit.

## 1.12 Human Resource Policies

Human Resource Policies are the formal policies-rules or guidelines that are made applicable by the business unit to acquire, train, evaluate and compensate the manpower. These policies are in a systematic form that can be easily used or applied. It clarifies the powers-positions-responsibilities of the employees at the workplace so that there is no misunderstanding of any kind between the employees and the managers. These policies should be in written form so that everyone has a clear understanding of the policies and it remains consistently applicable throughout the unit in a standard manner. Proper formulation of Human Resource Policies leads any unit towards long term success.

Mostly managers, employees and experts put more emphasis on having written policies. So that many misunderstandings can be avoided as every matter is clearly presented in written form during its implementation and when a dispute arises.

Hüman Resource Policies are the guidelines prepared by the managers based on the approaches accepted for the management of their employees (people). When Human Resource Management deals with matters such as recruitment, selection, promotion, compensation, etc these policies are taken into account as a reference and decisions are taken. An ideal Human Resource Policy always provides a general guideline based on the approach adopted by the managers. Generally, a business unit includes the following subjects in the formulation of Human Resource

Policies :

- ⇨ **Policy of equal employment opportunities**
- ⇨ **Employee classification**
- ⇨ **Working days, payment days, advance payment**
- ⇨ **Overtime compensation rate**
- ⇨ **Meal or other recess time**
- ⇨ **Deductions from salary**
- ⇨ **Vacation policy and holidays**
- ⇨ **Sick leave and other holidays**
- ⇨ **Work evaluation and increment in salary**
- ⇨ **Performance improvement, etc**

Since the environment, and circumstances of each business unit are different, each unit formulates policies that are appropriate and necessary for itself. These policies are a kind of framework that helps to establish or maintain the policies to be more effective in the framework. In fact, these policies and procedures fulfill many purposes, such as...

1. It makes clear information communication possible between the unit and its employees regarding the terms or rules of employment.
2. It makes it possible to treat all employees fairly and on an equal basis.
3. It is a guideline for supervisors and managers to manage, which makes management easier.
4. It becomes the basis for preparing the employee's rule book.
5. It becomes the basis for regular review of possible changes affecting employees.
6. It becomes the basis of information for supervisor training programs and employee orientation programs.

In the formulation of Human Resource Policies, it should be stated in clear language about the policies of the unit in all the circumstances of employment and about its fair and equal application. Human Resource Policies are mainly formulated keeping in mind the necessary decisions taken for the resolution of day-to-day problems of the unit. The following elements are included in the process of formulation of Human Resource Policies.

1. To identify the goals and objectives that the unit wants to fulfill with reference to its Human Resource Department.

2. Analysis of the factors under which the Human Resource Policy of the unit is to work.
3. Examination of all possible options that are necessary for Human Resource Policy.
4. Implementation of the policy by developing a supportive system for the policy.
5. Awareness or information communication of accepted policies and procedures at every level of the system.
6. Periodic audits of the policy regarding whether policy specific changes are necessary or not.
7. Continuous re-evaluation and revision of policies keeping in mind the current needs of the unit.

Human Resource Policies make the management of the unit easier and simple. Policies often also perform the function of reducing the conflict arising between employees and managers. Some of the benefits of Human Resource Policy can be presented as follows,

1. It helps the manager to take decisions at various levels of decision making without contacting his superior officer. Supporting officers become more willing to accept responsibility. Because the policies make it clearer what work they have to do and they can also present the written policies as a basis to properly prove the work they have done.
2. It gives an idea for long-term employee welfare and builds harmonious relations between employees and managers and reduces differences between them. Ideally formulated policies provide uniform guidance to all the employees of the unit for a long time.
3. It is such a guideline that it also reduces personal ego or differences or conflicts between managers.
4. Immediate decision making is possible because policies act as a standard of compliance. It also prevents the waste of time and energy for the resolution of problems or questions arising repeatedly in a uniform form.
5. It maintains uniformity in the implementation of policies for a long period of time. So it applies equally to everyone in the unit. So every employee knows what kind of behavior the unit will do in what kind of circumstances. Thus, since the policy determines a pattern of behavior of the managers, every employee does his work with more confidence.

❖ **The factors affecting Human Resource Policies are mainly as follows :**

**1. Applicable laws in the country :**

While formulating the policies, the various labor laws prevailing in the country are kept in mind. Many times there are variations in laws at the state, national and regional levels as well. So that the violation of that law does not occur. Thus, the currently applicable and amended laws directly affect these policies from time to time.

**2. Social values and beliefs :**

While formulating the policy, it becomes imperative to take into account the local or universal social values and beliefs of the respective region, state or nation with the intention of giving respect.

**3. Managers' ideology and values :**

The ideology or approach of the managers of the business unit also affects the matters related to the employees. So it is also an important factor affecting.

**4. Financial situation :**

Human Resource Policies directly affect the productivity and financial capacity of the unit. Therefore, that matter can also affect policy formulation.

## 1.13 Human Resource Management in Modern Era

Human Resource Management is more essential today than ever before. The competitive environments we face today will continue in the future, increasing the demand for organizational excellence. To achieve this high level of organizational excellence, emphasis must be placed on focused education, quality development, teamwork, and restructuring. In the modern era, the role of the Human Resource department is becoming increasingly important.

**(1) Human resource support in achieving organizational/focused excellence :**

To achieve focused excellence, improvements in the functioning of the Human Resource department within the unit are necessary. Prepare a new role and structure for Human Resources to increase the value of the unit to its customers, investors, and employees. This will require helping linear managers and senior managers move from planning conferences to the marketplace, and also assisting them by providing expert guidance in performing this function.

The Human Resource Manager should represent the employees and help the unit increase its ability to adapt. Human Resources helps the unit face competitive challenges such as globalization, increased profitability through growth, technology, intellectual capital, and others.

The unit is assisted in accommodating these types of unpredictable challenging

changes in the business environment. The changing role of Human Resources is becoming one of quickly implementing strategies, maintaining processes intelligently and effectively, maximizing employee contributions and commitments, and creating a positive environment for defect-free changes.

**(2) Human Resource as a Strategic Partner :**

The Human Resource Management department should be part of the discussion on how to implement the unit's strategies and should also participate in the implementation of strategies. In the modern era, the Human Resource department needs to play an active role from the creation to the implementation of the unit's strategies. The role of Human Resources as an administrative expert also remains an important part.

**(3) Human resource department's responsibility must be defined regarding employee commitment :**

The Human Resource department needs to be confident and trusting that the unit's employees are committed to achieving the unit's goals and are contributing to it with their full potential. The Human Resource department needs to take responsibility for the necessary training and guidance"to maintain and increase the high morale of the employees. The Human Resource department is responsible for preparing specific employee groups or teams for specific projects or plans of the unit. giving them special attention, and making them more efficient through continuous monitoring and control of their performance.

**(4) New role as a change agent :**

In the new era, the Human Resource department also plays a new role as a change agent, which enables the unit to face the changes taking place in the business environment.

**(5) Improvement in the quality of the human resource department :**

It becomes the responsibility of the Human Resource Manager to prepare a new mandate for the Human Resource department, i.e., new policies and rules, so that the employees of the Human Resource department can also deliver excellent quality work. For this, the senior officers of Human Resources should abandon their old, traditional methods and ideologies and adopt modern ideologies, and the Human Resource department should work with all its possible capabilities to deliver more and more quality work.

**(6) Changes in Career Trends :**

The accounting survey of any unit shows Human Resources as an expense, not an asset. Even in today's era, it is believed that machines perform more

efficiently than humans. However, the work of operating the machine is done by humans. In the unit, technology can always only work through humans. In modern times, employees are increasingly used in strategic managemenl. and the partnership between employees and managers can lead the unit towards development.

**(7) Valuation by Human Resource Experts :**

Continuous performance valuation is also necessary for continuous motivation and continuous improvement guidance for the unit's employees. This valuation is handled by Human Resource experts, so that work quality can be improved.

**(8) Fulfil Strategic Objectives :**

Some units create their strategies in isolation or only in the presence of a few important officers. In modern times, Human Resources is also involved in strategy creation. And it becomes the responsibility of the Human Resource Manager to recruit the best and most skilled human resources and provide them with a positive environment, so that they can work efficiently with the ability to take on more risks with their full potential based on their skills.

**(9) More Investment in Encouragement and Employees by the Unit :**

The encouragement received by employees from the unit proves that the unit values and cares for its valuable employees. Often, the unit gets new and excellent ideas only through the newly joined employees of the unit. Thus, it is also necessary to increase the enthusiasm of the new employees of the unit and encourage them. This matter assures the employee that the unit values them and the unit intends to invest more in its employees.

**(10) Considerations Regarding Recruitment and Selection Process :**

The key element of Human Resource planning is to ensure that employees with the appropriate skills are readily available when needed. For this, it is necessary to be prepared in advance, i.e., the unit should have or keep ready a pool of employees that may be needed. For this, it is necessary to have an idea of future needs. That is, one should be aware in advance of the reasons for the selection. Charles O'Reilly suggests that during employee selection, in addition to their technical skills, it should also be seen whether they are compatible with the unit's values and culture. That is, they should be compatible with the unit in every way. That is, it is not enough to have technical skills in them, but they should also conform to the values and beliefs of the unit. Thus, by doing so, they can contribute their maximum share in the overall success of the unit.

**(11) Knowledge of the Unit's Mission and Vision :**

If employees want to give their full contribution to the fulfillment of the unit's

strategic objectives, then what is their role? It is very important to know this. For this, they should be fully aware of the unit's mission and vision. An old saying proves true here that if a person does not know where to go, then no path can take them there. The mission clarifies the identity and purpose of the unit. It shows what the unit is and what kind of business it does. Only those employees who are avware of this matter will be able to give their maximum cooperation. Vision clarifies the future picture of the business unit. Which works to run all the employees of the unit towards a common goal.

When the employees of the unit prepare the mission and vision of the unit and the roadmap that shows the employees the path towards the goals of the unit. From which employees can know how they can use their skills and abilities to contribute their maximum share in achieving these goals.

**(12) Group/Team Work :**

In the modern era, it is necessary to develop the spirit of teamwork among the employees of the unit. Because good results can be obtained and development can be achieved by having the spirit of unity in diversity. Thus, when everyone works together collectively for a single goal, the goal will be achieved more casily and easily. By effectively using the team in the unit, the unit can achieve rapid success. It becomes easier to achieve thé strategic goals of the unit with the help of group goals. By setting group goals keeping in mind the overall goal of the unit, it is ensured that the employees are working towards achieving the same common goal.

## 1.14 Human Resource Development

Human Resource Development mainly includes training the newly joined employees, giving the employee an opportunity to learn new skills, distribution of all the resources necessary for the employee's performance, and all other development-oriented activities. No employee can be successful without proper training or education.

Employee development stops or gets stunted without developing personal and professional skills. Human Resource Development means the combined use of various activities like training systems, career development, etc to increase personal, group, and company-focused effectiveness. Human Resource Development develops key competitive qualities that enable the unit's employees to perform current and future work more efficiently. Human Resource Development provides coordination between the personal needs of the employee and the company-focused needs. Sometimes Human Resource Management and Human Resource Development create confusion in understanding both the terms. But in reality, there is some difference or distinction between these two.

❖ **Difference between Human Resource Management and Human Resource Development**

Both of these are very important aspects of management related to the human resources of the unit. Human Resource Management and Human Resource Development appear different from each other in terms of the following points.

1. Human Resource Management is mainly maintenance-based (administrative functions, employee files and records, pay roll, etc) whereas Human Resource Development is education or training-based.
2. The system in the context of Human Resource Management is an independent structure, whereas Human Resource Development creates a structure that is inter-dependent or inter- related.
3. Human Resource Management aims to increase the efficiency of the employee. Whereas Human Resource Development aims to develop the employee as well as the overall develonmernt of the unit.
4. The responsibility of Human Resource Management mainly lies with the manager of the Human Resource Management department. Whereas the responsibility of Human Resource Development lies with all the managers at every level of the unit.
5. Human Resource Management mainly motivates employees by giving them financial benefits or rewards. Whereas Human Resource Development motivates them by increasing their skills. abilities, and increasing their ability to perform work.

❖ **Benefits of Human Resource Development :**

Human Resource Development is the key for any unit to achieve high productivity, good industrial relations, and excellent profitability. Appropriate Human Resource Development becomes very beneficial for any unit. Some of the benefits are as follows :

1. Human Resource Development makes employees more competitive. Human Resource Development develops new skills or abilities, modern knowledge, and attitudes, etc in them.
2. With the help of appropriate Human Resource Development programs, employees become more committed and serious towards their work. The valuation of employees is done on the basis of their performance, which is a comprehensive or universally accepted method of work valuation.
3. An environment of trust and respect emerges in the unit through Human Resource Development.
4. The ability to accept change is developed through Human Resource Development. Employees feel more comfortable in resolving any

problem or obstacle. It increases their self- confidence and enthusiasm.

5. It helps in creating an efficiency culture in the unit. It runs towards increasing the effectiveness of the unit. Maximum and effective use of resources is done and goals can be achieved in a better way.
6. It does the overall development of the employees. Also increases the group spirit among the employees of the unit.
7. It increases the participation or contribution of the employee in the work of the unit. Employees feel a sense of pride and accomplishment while doing their work.
8. It helps in collecting very useful and purposeful information regarding employee-focused programs and policies. By using this information, better human resource planning becomes possible.

## ❖ Exercise :

**Q-1 Give answers of the following Questions :**

1. Explain the meaning of Human Resource Management and describe its characteristics.
2. State the meaning of Human Resource Management and describe its objectives.
3. What is Human Resource Management? Describe its scope.
4. Explain the meaning of Human Resource Management and explain its importance.
5. Explain the Principles of Human Resource Management.
6. What is Human Resource Management? Give information about HR Policy.
7. State the benefits of Human Resource Management development.

**Q-2 Short Questions :**

1. Human Resource Management is art or science? Explain.
2. "Human Resource Management Administration is a universal task - Explain.
3. "Human Resource Management Administration is a futuristic task" - Explain.
4. "Human Resource Management Administration in employee welfare" - Explain.
5. Write a note on Selection and Recruitment.
6. Writea detailed note on Training and Development.
7. Explain Employee Performance Evaluation.
8. What is planning?
9. What is motivation?

10. "Human Resource Management is a partner in a strategy" Explain.

**Q-3 MCQ :**

1) According to_____."Human Resource Management is the process of attracting, retaining and motivating all employees."

   **A) Dunn & Stephens**

   B) The National Institute of Personnel Management (NIPM) of India,

   C) Leon C. Meggison

   D) None of these

2) Human Resource Management is_____

   A) Both Art and Science

   B) Continues process

   **C) Both A and B**

   D) None of these

3) The factors affecting Human Resource Policies is/are

   A) Social values and beliefs

   B) Financial Situation

   **C) Both A and B**

   D) None of these

4) Benefits of Human Resource Development includes

   A) Makes employees more competitive

   B) Employees become more committed and serious towards their work

   C) Overall development of the employees

   **D) All of these**

5) Human Resource Management is mainly_____whereas Human Resource Development is_____.

   A) maintenance-based, education or training-based.

   B) Education or training-based, maintenance-based

   **C) None of these**

   D) All of these

**********

# Unit : 2
# Human Resource Planning-1

**2.1 Introduction**

**2.2 Human Resource Planning Concept - Meaning**

**2.3 Characteristies of Human Resource Planning**

**2.4 Need for Human Resource Planning**

**2.5 Objectives of Human Resource Planning**

**2.6 Types of Human Resource Planning**

**2.7 Factors Affecting Human Resource Planning**

- **Exercise**

## 2.1 Introduction

Human resource planning is the process of estimating the future human needs of a business unit and determining how to use the unit's current human resource capabilities to meet those future needs. Thus, it emphasizes the concept of supply and demand of economics in terms of the human resource capabilities of the unit.

Human resource planning process helps the managers by fulfiling the future employee demand of the unit by providing the right people, at the right time, at the right place in the future. Secondly. the recruitment and selection process can only take place after a thorough analysis of the human resource needs by the managers. Human resource planning is also very essential for the achievement of business objectives and strategies. In fact, today's human resource planning is very widely associated with the business's long-term objectives and strategies. That is why, human resource planning is also known as strategic human resource planning.

However, human resource planning is a simple method of managing the number of human resource needs of the unit. However, in actual practice, the human resource manager faces many obstacles from the current manpower of the unit, pressure to fulfill the objectives of the business unit, maintaining the manpower, market situation, etc Thus, human resource planning is helpful to the business unit for many matters as follows :

⇨ Human resource managers can estimate the human resource needs in advance rather than suddenly arising human needs.

⇨ The business can be saved from the clutches of the volatile manpower market that all industries and units are troubled by.

- ⇨ The expansion of the manpower market can be actively done with the manpower needs of the business unit with business experience, necessary skills, expertise, etc
- ⇨ In the development / growth phase of the unit, many challenges have to be faced to fulfill the needs like necessary skill competitive expertise to achieve the strategic objectives of the unit. In these circumstances, the unit can become convenient to fulfill the human resource needs.
- ⇨ With the help of human resource planning in the context of business targets, the unit's estimate can identify, select and develop the necessary skills or capabilities.
- ⇨ Thus, it is beneficial for any business unit to select human resource planning to eliminate / avoid unnecessary obstacles regarding manpower needs. Organizations providing guidance regarding human resources provide a lot of important human resource assistance to the unit and help in fulfilling the future manpower needs in the context of resources and time.

## 2.2 Human Resource Planning Concept - Meaning

Human resource is a valuable asset of any business unit. Human resource planning is an important management function. It ensures to provide the right people, in the right numbers, at the right time and place, properly trained and motivated people to do a specific job when there is a shortage of suitable (appropriate) people.

The business unit estimates its human resource needs and then finds the necessary sources to fulfill its needs. If the necessary human resource is not available then the work stops and gets disrupted. Developing countries experience difficulty due to shortage of trained managers. Employment opportunities are available in these countries. But there is a shortage of properly trained employees. These countries import trained skilled employees from other countries.

To meet the human resource needs, the units have to plan in advance regarding its needs and sources. Human resource planning and manpower planning are generally used as synonyms for each other. However, human resource planning is not an alternative to manpower planning. In fact, manpower planning is associated with human resource planning.

**According to E.W. Vetter,** "Human resource planning is a process by which management determines how the organization can move from its current manpower position to its desired manpower position."

Through planning, managers make sincere efforts for the right number of, right type of, right place, right time, right people (employees) to do activities that can achieve long term benefits in an organizational and personal way.

**According to Dale S. Beach,** "It is the process of determining and assuring that adequate numbers of qualified persons are available at the proper times, performing jobs which meet the needs of the enterprise and which provide satisfaction for the individuals involved."

In the words of **Leon C. Megginson,** "Human resource planning is an integrated approach to performing the staffing functions of the enterprise to ensure that the organization has available a supply of qualified and willing people when they are needed to meet organizational requirements and to permit individuals to satisfy their needs and objectives."

According to the analysis of the above definitíons, human resource planning focuses on the estimate of the human resource needs of the unit and on the human resource supply and on the necessary arrangements or organization to be made for both. In addition to this, to meet the needs, it makes necessary changes in the functions of human resource management for the possibilities of developing human resource supplies.

Here, human resource means the skills, knowledge. values, habits, commitment, motivation, etc of all the employees. However, although the achievement of unit-oriented objectives and targets is the primary matter of human resource planning, the wishes / aspirations of the employees and their desire to benefit are also equally important. In fact, human resource planning must give humanistic results at the workplace.

**According to Tery L. Leap & Michael D. Crino,** "Human resource planning involves estimating how many qualified people will be required to carry out prescribed activities; and what must be done to ensure that an adequate supply of employees is available to meet future employee, demand and supply at some specific time."

**According to Coleman,** "Human resource planning is the process of determining manpower requirements and the means for meeting those requirements in order to carry out the integrated plan of the organization."

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

**According to Gorden Macbeath,** "Manpower planning is comprised in two stages. The first stage is concerned with detailed manpower planning for all types of employees at all levels during the period of the plan and the second stage is concerned with manpower supply planning to ensure that the organization is provided from all sources with the right type of people to meet the planned requirements." Thus, human resource planning is both a process and a set of plans.

## 2.3 Characteristics of Human Resource Planning

After studying the various definitions as above, some important characteristics of human resource planning can be presented as follows :

**(1) Systematic Organizational Objectives :**

The objectives and targets of the strategic planning and executive planning of the unit determine the objectives of human resource planning. The human resource needs are determined on the basis of the targets of the unit. In addition to this, the objectives of human resource planning are to develop, increase the knowledge of technology, plan the career of all the employees individually. ensure the ultimate commitment of the employees, etc

**(2) Determines Human Resource Needs :**

Human resource planning fulfills the human resource needs of the unit. If the necessary employees are thought of in advance, then the necessary people become available at the right time when the need arises. For this, the unit also has to undertake activities like recruitment, selection and training.

**(3) Maintains Manpower Supply :**

It maintains the current manpower supply in the unit. The officer of the unit should have such information as to how many people he has at present who can handle more responsibilities in the future. Thus, it maintains the current manpower supply in the context of future needs.

**(4) Balance between Demand and Supply :**

Advance planning should be done regarding human needs so that suitable employees can be obtained in time in the future. If it appears that there are not enough employees in the future, then efforts should be made in advance to carry out the recruitment process. Thus, planning is done in advance to maintain a balance between employee demand and supply.

**(5) Creates a Favorable Work Environment :**

Apart from employee estimates and employee recruitment, human resource also emphasizes on the fact that the employees should get a work-friendly environment on the workplace. Such as, adequate air - light, cleanliness, lighting, water, etc. The work environment at the workplace should be such that the employee likes to work. So that, they work enthusiastically and you get more and more job satisfaction.

## 2.4 Need for Human Resource Planning

**The need of the Human Resource Planning are as follows :**

**(1) Future Employee Needs**

Human resource planning is very important as it determines the future employee needs. Increase or decrease in employees shows the lack or deficiency of proper planning. Increasing employee numbers is also a big

problem. Therefore, many units are forced to implement VRS (Voluntary Retirement Scheme) to remove surplus employees.

**(2) Adaptation to Change / Transformation**

Human resource planning enables the unit to adapt to changing competitive forces such as market technology, education, government policies - regulations, etc This type of change or transformation creates improvements or changes in work structure, skill demand, employee numbers and types, etc Sometimes employee shortages arise in specific sectors due to the emergence of other sectors.

**(3) Creation of Optimal Skilled Employees**

As mentioned earlier, jobs are becoming more and more challeging over time and new industries are becoming more and more business-oriented. For example, L & T Co. is a large industrial venture, in which M. B. A. engineers, educated managers and technicians whose number is 70% of the total number of 20,000 employees. It is necessary for the human resource manager to use all his skills /abilities to retain such talented and skilled intellectual staff.

**(4) Protection of Weaker Sections**

Without relying on the constitutional provision of providing equal employment opportunities, human resource managenent protects their economic and social protection by giving the benefit of fixed percentage of total employment to SC/ST employees, employees with physical disabilities, socially backward and physically handicapped children, citizens of backward classes, etc

**(5) International Strategies**

The importance of human resource planning is also increasing day by day due to the process of fulfilling employee needs from foreign countries. With which cultural, linguistic and development-oriented exchanges are also increasing.

**(6) Pillars of Employee Functions**

Human power planning provides the necessary information for the construction and implementation of employee fuctions such as recruitment, selection, employee transfer, training and development, etc

**(7) More Investment in Human Resources**

One reason for the increasing importance of human resource planning is that the investment made by the unit in its human resource or human capital instead of physical property increases its value. Thus, the employee becomes a more valuable resource due to the gradual (continuous) development in his skills and abilities.

**(8) Resistance to Transformation and Change**

The employee's resistance to the ever-changing transformations and changes increases. It is increasingly emphasizing on self-assessment as well as on the assessment of loyalty and dedication towards the unit. All these transformations make it more difficult for the unit to transfer any employee whenever and wherever it wants. Thus, the importance and need of planning will continue to increase in the future as well.

**(9) A Part of Strategic Planning**

Human resource management is an integral part of the strategic management process. All the activities of human resource management such as planning, recruitment, training, compensation, awareness, etc are brought under strategic management. Human resource planning can be a part of strategic planning in both ways. At the beginning stage of strategic planning, human resource planning provides the necessary information during the strategy implementation process regarding the availability of the type and number of employees required for the assigned strategy implementation.

**(10) Other Benefits**

Other possible benefits of human resource planning are as follows :

- ⇨ The perspective of human resource planning of senior managers is further improved.
- ⇨ Employee turnover decreases because managers can balance the employee demand and supply situation before it becomes unmanageable or expensive.
- ⇨ More time can be allocated to find the source of necessary skills.
- ⇨ Necessary planning can be done for the development - growth of managers.
- ⇨ A more and successful demand can be created in the manpower market.

To clarify the need or importance of human resource planning, it can be said that it maintains a very good balance between the demand and supply of the necessary human resources to effectively complete the necessary tasks to achieve the unit's targets.

## 2.5 Objeetives of Human Resouree Planning

The main objective of human resource planning is to obtain the necessary employees in the required numbers who are in accordance with the skills required to achieve the business targets. To describe it in more detail, the various objectives of human resource planning can be shown as follows :

(1) Measuring future human resource needs and preparing plans for recruitment and selection accordingly.

(2) Ensuring the supply of employees when and what kind of manpower is required.

(3) Measuring the future need of skills or abilities.

(4) Reducing the imbalances arising due to the lack of employees of the right type, in the right numbers, at the right place, at the right time.

(5) Making maximum and effective use of the current employees of the unit.

(6) Estimate of future human resource needs at the level/ basis of different types of skills and abilities.

(7) To check for employee surplus or deficit and if so, the objective of making human resources available in a defined time period.

(8) Knowing in advance the effects of technology on work and human resource needs and to enable the unit to maintain coordination with the development and modernization of technology.

(9) Maintaining control over the current employees in the unit.

(10) Giving enough time for the selection and training of the necessary human resources for the surplus during the defined time period.

(11) Controlling the labor and salary expenses.

(12) Maintaining high labor productivity.

(13) Preparing development and promotion programs that are necessary for career planning for employees of each level and type.

Thus, it can be said that human resource planning is a goal-oriented process that is done keeping in mind the various types of objectives shown above.

## 2.6 Types of Human Resource Planning

To achieve the objectives of the unit, human resource planning mainly uses employee recruitment, employee training and employee retention. It also has to analyze the current manpower. It has to observe whether the current manpower is sufficient to meet the future employee demand or not? It makes various plans of the following types to attract, train and retain talented and capable employees in the unit.

### (1) Planning for Manpower Estimation

To achieve the strategic targets of the business unit, the human resource department has to keep in mind what kind of manpower will be required in the future? Manpower estimation is an important factor of human resource planning. For that, it has to compare the current manpower and the future manpower needs. So that, information about employee deficit or surplus can be obtained.

**(2) Employee Recruitment Planning :**

It is necessary to attract and retain talented / capable employees to achieve the strategic objectives of the unit through human resource factors. For this, employee various benefits, good compensation, systematic structure of the organization, employee welfare and development, employee career guidance, etc are key factors. Keeping these factors in mind, recruitment process should be planned for future employee selection.

**(3) Planning for Employee Development :**

Training and development are the type of human resource planning that focuses on improving the current and future manpower. Training and development programs improve both the skill for a specific task and the general skill. Through training and re-training programs, emphasis is placed on reducing the current and future liability regarding manpower protection.

**(4) Planning for Employee Retention :**

Planning for employee retention is a difficult task. It is very difficult to stop the employee from thinking about another job opportunity. The human resource department can plan employee retention programs to reduce such possibilities. Which emphasizes on employee recognition. Rewards, personal development or growth, favorable work life, employee benefits, etc. focused and through it increases job satisfaction and prevents the employee from seeking other employment opportunities.

Human power planning or human resource planning is one of the important / essential functions of modern management. Human resource planning is actually a necessary task to try to place the right employee in the right position on the basis of the employee's ability and skill. It can be expected from it that when these people are in a favorable position, they will show a very important positive attitude for the development of the unit in return. Some scholars divide human resource planning into three types :

**(1) Short Term Planning**

**(2) Medium Term or Mid Term Planning and**

**(3) Long Term Planning**

Each of these types has its own importance. At each level. four main phases of human power planning are seen :

- ⇨ Collection and analysis of information
- ⇨ Establishment of objectives
- ⇨ Construction and implementation of programs and
- ⇨ Review and assessment of these programs

All these four phases play an important role in each type of human resource planning.

**(1) Short Term Planning**

Short term human resource planning is done for the employee demand of the near future. In which special attention is given to demand and supply that which places need to be filled? And how much manpower i.e. how many employees are available with us to fill these places? Generally, it is very easy to determine the objectives of human resource planning at this stage. These objectives include how to attract desirable employees and how to get rid of undesirable employees? Recruitment program, selection program and work assessment system are included in the short term human resource planning program. At this stage, it is generally very easy to measure the level of success.

**(2) Medium Term or Mid Term Human Resource Planning**

The amount of uncertainty is seen more in each stage in mid-term human resource planning. Here the question is important that, "What will we need?" Here, there is no need to assess what is available with us at present. For the most part, the answers to these types of questions are received from the middle level managers. The objectives of this type of resource planning include efforts to reconcile the employee skills / abilities required in the mid-term future.

**(3) Long-term Human Resource Planning**

Long-term human resource planning is an important task for companies that want to maintain stability. This type of human resource planning is a success-oriented plan. It includes an overview of what skills the manager will need in the near future and how to provide opportunities for employees for those types of skills. Competitive strategies play an important role in this type of long-term human resource planning. For example, does the unit want to give importance to innovation? Or want to focus on reducing costs? Sometimes career development is included in the third stage of this type of planning. The success of long-term planning programns is very difficult to measure. But more and more information is available over time.

## 2.7 Factors Affecting Human Resource Planning

A number of factors affect human resource planning. Some of the important factors are as tollows :

**(1) Type and Strategy of Unit**

The type of business unit determines the unit's production process, the number and type of employees required, and the necessary administrative and supervisory employees. Human resource requirements become clear based

on the unit's strategic plans. If a business unit has a sustainable development plan, it will have to hire more employees. On the other hand, if the unit wants to consolidate and transfer ownership or include it, it will have to lay off employees. The unit will have to decide in the context of human resource whether it wants to be Pro-active or Re-active, that is, whether the unit should prepare a systematic plan in advance (Pro-active) to meet the need after determining its need in advance? Or should action be taken (Re-active) when the need arises? The unit can focus on limited areas of human resource (i.e. recruitment and selection) and formulate a plan or can prepare a plan by focusing comprehensively on all areas of human resource (recruitment, selection, training, compensation, welfare, etc). The form of human resource planning can also be occasional or periodic. That is, the plan may be in the manager's mind occasionally or prepared in written form periodically. Human resource planning should be flexible. In this way, human resource planning is affected by many factors.

**(2) Unit's Stage of Development and Planning**

Every unit goes through various stages of development from its establishment. The development stage is a stage in which human resource planning also expands. Small units do not give much importance to employee planning in the initial stage of development. But gradually they realize the need for human resource management. At this stage, the unit focuses on employee development. But when it reaches the stage of maturity, it experiences less flexibility. As a result the growth rate decreases. During the unit's decline stage, human resource planning focuses on matters such as employee layoffs, retirement, etc Due to financial constraints in the decline stage, the company largely becomes Re-active in nature.

**(3) Unforeseen Environment**

Political, social, and economic changes affect business development and these changes in the environment affect every unit to a large extent. The employee planner carefully deals with these types of environmental uncertainties through well-prepared retirement, selection, training and development policies and programs. In this situation, the unit maintains balance through suceessful planning incentive schemes, layoff work distribution, voluntary retirement and other arrangements.

**(4) Time Element**

Human resource planning can be short or long term. The time period of short-term planning is approximately 6 months to 1 year. While long-term plans can be from 3 to 20 years. The duration depends on the amount of

uncertainty in the unit's environment. If this amount is low then the time period will be short and if this amount is high then the time period will be kept long.

**(5) Type and Quality of Information**

The necessary information for employee requirement estimates is obtained from various sources. The clearer and more accurate this information is, the more successful and competent the planning will be.

**(6) Nature of Work**

The employee planner should be aware of the nature of the work and of the positions to be filled in the unit. At the lower level, if an employee with slightly less skill is available it will work. But when recruitment is to be done at the higher level, it is necessary to select only the suitable employee for the job requirement of that position. The unit should plan in advance so that enough time can be allocated for the recruitment of suitable / qualified employees.

**(7) Outsourcing (Recruitment through External Medium)**

Some units get their specific part of work / function done by giving it to external parties through contract. However, this type of outsourcing is seen happening in companies in both private and public sectors. Many times, even though there are surplus (additional) employees in the unit, employees are obtained with the help of outsourcing. Outsourcing is mostly adopted for activities that are not very complex and important.

**(8) Availability of Labor Market**

Maintaining the required level of employees in the unit through the workforce is the primary function of the human resource department. The availability of the labor market is an external factor that affects the recruitment of qualified / suitable employees. That is, there should be a qualified employee market near the unit. Many times it is very difficult if employees with specific qualifications are not available near the unit. For example, in Gujarat, the required employees (teachers) for English medium schools have to be obtained from Kerala. The company's geographical location is also an affecting factor. Therefore, many times if suitable employees are not found in the nearby area, then it is necessary to depend on outside states.

**(9) Government Policy - Rules**

The Human Resource Department also needs to take care that the laws, policies and rules of the State and Central Government are not violated or followed, which affects human resource planning. It is imperative that human resource planning takes into account the laws relating to compensation and

benefits, insurance and security laws, worker compensation and retirement compensation laws, etc that are related to the employees of the unit.

**(10) Use of Technology**

The increasing use of technology day by day also affects human resource planning. With the changing era, the habit / ability to use technology in the employee should be developed.

## ❖ Exercise :

**Q-1 Give answers of the following questions in detail.**

1. Explain the meaning of Human Resource Planning and describe its characteristics.
2. Explain the meaning of Human Resource Planning and describe its necessity.
3. What is human resource planning? Describe its objectives.
4. Explain the meaning of human resource planning and describe its types.
5. What is human resource planning? Describe the factors affecting human resource planning.

**Q-2 Short Questions :**

1. Explain : "Human resource management is a universal function".
2. Explain : "Human resource management is a part of strategic management."
3. Explain : "Human resource management is a future-oriented function."
4. Explain : "Human resource planning is a continuous process."
5. What is short-term human resource planning?
6. What is medium-term or mid-term human resource planning?
7. What is long-term human resource planning?
8. "Human resource is a strategic partner": - explain.

**Q-3 MCQ :**

1. What is the primary purpose of Human Resource Planning (HRP)?
   a) To ensure the company meets legal requirements regarding staffing
   b) To ensure that the organization has the right number of employees with the right skills at the right time
   c) To create job descriptions for all employees
   d) To develop new recruitment methods

   **Answer : b) To ensure that the organization has the right number of employees with the right skills at the right time**

2. What isa key factor that influences the demand for human resources in an organization ?

   a) The company's financial performance

   b) The level of employee satisfaction

   c) Technological changes and business growth

   d) Employee absenteeism

   **Answer: c) Technological changes and business growth**

3. Which of the following is an objective of Human Resource Planning?

   a) To reduce the costs of employee training programs

   b) To align the workforce with the strategic goals of the organization

   c) To monitor employee attendance

   d) To create a social atmosphere at work

   **Answer: b) To align the workforce with the strategic goals of the organization**

4. Human Resource Planning is most effective when it is aligned with which organizational aspect?

   a) Financial forecasting

   b) Sales and marketing strategies

   c) Organizational goals and objectives

   d) IT infrastructure development

   **Answer: c) Organizational goals and objectives**

5. Which of the following is a challenge of Human Resource Planning?

   a) Over-recruiting employees

   b) Forecasting long-term labor needs accurately

   c) Maintaining employee performance

   d) Implementing training programs

   **Answer: b) Forecasting long-term labor needs accurately**

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# Unit : 3
# Human Resource Planning-2

**3.1 Introduction**

**3.2 Process of Human Resource Planníng**

**3.3 Benefits of Human Resource Planning**

**3.4 Limitatíons of Human Resource Planning**

**3.5 Pre-requisites of Human Resource Planning**

**3.6 Human Resource Information System (HRIS)**

- **Exercise**

## 3.1 Introduction

Planníng is included in the first functíon of management. Planning plays an important role for all other functions of management. Human Resource (Asset) Planning is the planning related to employee management. The scientífic processes and benefits related to thís planning have been developed. Due to which this work becomes easy and efficient. Therefore, students are given understanding about it here. Any idea or matter is subject to limítations, Human Resource Planning also has its limitations. Its understanding is given here.

## 3.2 Process of Human Resource Planning

Human Resource Planníng is the process of estimating / anticipating the demand and supply for the human resource of the unit in the near future. This process can be presented by divíding it ínto the following stages :

**(1) To decide the objectives of Human Resource Planning**

The first step of all processes is always to decide the objectives for which this process is undertaken. Objectíves of human resource planning should be clearly decided, for which suítable employees can be selected in suitable numbers for suitable types of work. The objectíves for different departments of the unit may be different. Such as, employce demand of marketing, finance, production, human resource, etc department will be different based on the role or work of the employee.

**(2) Analysis of current workforce**

The second step is to analyze the recorded information related to the experience, skills, etc of the current employees of the business unit. From this analysis, the future employee requirement can also be estimated. So, human resource can be planned from both internal sources (current employees

of the unit) and external sources (new potential employees outside the company), thus, the human needs arising in the near future can be ensured to be fulfilled by the unit's unnamed skills.

**(3) Estimate of demand and supply of human resources**

Once the skilled human resource is counted, the stage comes to balance the demand of human resource arising in the near future with the source available inside the unit or with external supply. Here, the required skills for a specific task are compared with the job description and job specification.

**(4) Analysis of human resource deficit**

After this estimate of demand and supply, human resource deficit (decrease or increase) can be easily understood. If the demand for human resources is more than the supply, it means that there is a shortage of employees and new employees will have to be recruited. And if the demand is less than the supply, it means that there is an excess of human resources. Therefore, it is necessary to dismiss, retire, retrench or transfer the surplus employees.

**(5) Employee Planning**

After calculating the human resource deficit, necessary action plan should be prepared accordingly. If there is a shortage of employees, the unit will make efforts for recruitment, training, inter-departmental transfer, etc And if there is an excess of employees, the unit will make efforts for voluntary retirement, transfer retrenchment, etc

**(6) Training and Development**

Training is not only necessary for newly appointed employees. From time to time, training is also necessary for skill improvement of current / old employees. After the employee planning stage, training programs are organized for new and old employees to equip them with the necessary skills to perform specific types of work.

**(7) Human Resource Planning Evaluation**

Finally, the effectiveness of the human resource planning process is evaluated. Here, the human resource plan is compared with the actual implementation results. At this stage, the unit decides on the success of the plan and if there is any deficiency, it decides on the improvement of the plan.

Thus, human resource planning is a continuous process that starts with the objectives of human resource planning and ends with evaluation, feedback and control regarding the plan.

## 3.3 Benefits of Human Resource Planning

Human resource planning is directly related to the maximum utilization of human resources. It is very beneficial for the unit in certain matters and for the country or nation as a whole. At the national level, it is related to its population growth, economic development, educational facilities and labor mobility. While at the unit level, it is related to labor requirement, available sources, employee welfare, matters, etc. Some of the important benefits or advantages of human resource planning can be presented as follows :

### (1) Increase in labor productivity

Human resource or human resource is a separate means of production than other means of production. Because, the productivity of the worker can be increased if the worker is satisfied. In other words, as the productivity of a satisfied worker increases, the productivity of an unsatisfied worker decreases. Therefore, with the help of proper human resource planning, we can increase the enthusiasm of human resources and as a result, its labor productivity can also be increased or improved.

### (2) Recruitment of qualified human resources

Every unit needs qualified i.e. skilled and trained employees according to its work requirement. In developing countries, there is a shortage of such skilled and trained, qualified employees. Therefore, in order to run the unit successfully for a long time, it becomes necessary to recruit the best and efficient employees with the help of proper human resource planning.

### (3) Coping with rapidly changing technological changes

Due to the ever-changing technology, there is also a change in the work and work requirement of the unit. Therefore, keeping the future in mind, it is necessary to prepare in advance for the estimation of changing human resource and to fulfill it. Employees should also be equipped to face the challenges arising with the technological revolution. Training and development are necessary for this. Effective human resource planning is necessary to make this possible.

### (4) Reduction in employee (labor) turnover rate

Employee (labor) turmover rate shows the rate of employee mobility in the unit every year. Every year a large number of employees are seen leaving the job from the unit and going elsewhere. The lower or less this turnover rate is, the more beneficial it is for the unit. There can be many reasons for this type of turnover. Such as, dissatisfaction, retirement, death, etc Due to turnover or mobility, the unit loses experienced and skilled workers. This loss can only be reduced by effective human resource planning.

**(5) Control over recruitment and training expenses**

There is an extreme shortage of highly skilled employees and it is very expensive to recruit, train and retain them on the job. It is very costly for the company to invite applications for employee recruitment, conduct written examinations, organize interviews, etc as well as to provide them with training facilities. In this type of context, it seems more necessary to do effective and carefully planned human resource planning so that this type of recruitment and training expenses can be reduced or saved.

**(6) Mobility of workers**

Today, it is very difficult to retain the best and skilled employees of the unit in the unit. Because, every employee is always moving from one job to another for a better and brighter future. In a free society, every citizen can enjoy or avail unrestricted mobility in any place in the country. Therefore, in order to reduce the loss of losing experienced and skilled employees, it is imperative for every unit to set up an efficient human resource planning system.

**(7) Helpful for expansion program**

In this era of rapid industrial development, every unit is always eager to expand its activities. As a result of the unit's growth, the demand for human resources will also increase, which is natural. Proper human resource planning becomes necessary to satisfy this requirement so that it is ensured that the required human resource for the unit's activities will be available in sufficient quantity.

**(8) Human Resource as an Assets of the unit**

Today, working managers are experiencing that the employees of the unit are the most valuable property or asset of the unit. The scope and acceptance of this idea is increasing day by day. Every unit is adopting its employees as a very valuable asset. The productivity of any unit can only be increased by recognizing the importance of human resource planning and the human element in the business unit. Proper human resource planning has a direct relationship with the fact that the overall productivity of the unit can be increased only by increasing or improving the productivity of the employee.

## 3.4 Limitations of Human Resource Planning

Human Resource Planning can be defined as "the process of identifying or determining the number of required employees with the required quality and stock (number) for the unit." All the activities of human resource management start with human resource planning. Therefore, we can say that human resource planning is the basic or primary function of human resource manager. However, despite the many benefits / advantages of human resource planning, there are some limitations to it, which are as follows :

**(1) The future is uncertain.**

The future is always uncertain in any country. Because, political, cultural, technological changes keep happening every day. These changes affect the employment situation. According to which the unit has to recruit employees or has to dismiss employees. Therefore, human resource planning remains only a guiding factor. And we cannot fully trust or rely on it that it can always perform functions accordingly.

**(2) Conflicting viewpoint / attitude of senior managers**

Senior managers of some units are of old / traditional style. Human resource management is a modern idea. Which managers with this type of conflicting attitude cannot accept. Managers with conflicting attitudes cannot accept this change. Therefore, the implementation of human resource management becomes difficult in such units because here the managers cannot agree with the decisions taken by other departments, so they are not helpful.

**(3) Problem of staff surplus**

Human resource planning shows a very clear solution for the problem of surplus staff or employee numbers. Such as, dismissing employees, transferring, voluntary retirement, etc However, when this type of surplus employees are dismissed from the company, the current or working employees experience a type of mental pressure. And they experience feelings such as insecurity, mental stress, loss of trust on the company, etc This remains a limitation of human resource planning.

**(4) Time wasting activity**

Human resource planning collects information about the demand and supply of their employees from each department. This type of information is requested in detail which is related to every type of work. It often takes time to collect the information and analyze it and make decisions. Thus, this can also be called a limitation.

**(5) Expensive process**

It is expensive to find solutions through the human resource planning process. Such as, voluntary retirement, overtime, etc The unit incurs some types of expenses doing this type of work. Therefore, we can say that it is expensive.

## 3.5 Pre-requisites of Human Resource Planning

- Since human resource planning is an integral part of business planning (corporate planning), the human resource planner should be aware of the business objectives of the unit.

- The responsibility of human resource planning should be centralized, with integrated exchange of ideas between managers at different management levels.
- All employee records should be complete and updated.
- While preparing human resource planning, it is necessary to keep in mind the impact of external factors such as technological changes, changes taking place in the labor market, etc
- The time period of the plan should be long enough to allow for corrective action. Planning should always be quality oriented.
- Support - cooperation of senior managers is necessary.
- The method (technique) of human resource planning should be according to the available information and the amount of necessary accuracy.
- It should be continuously improved (revised and improved) based on information collection, analysis, planning technique and planning experience.

## 3.6 Human Resource Information System (HRIS)

In today's changing era of modernization and globalization, units rely heavily on technological modernization and innovation in the field of information technology. Due to the modernization in the IT sector, new doors / dimensions of development have been opened for the units. Due to which the unit is getting competitive advantages through innovation and systematic solutions. Today, due to the facility of internet, the accessibility, universality and accuracy of information has increased a lot. Today, units can gain leadership advantage in the market effectively by using modern technology for various functions. Human Resource Management is a rapidly developing function and even in that, by using information technology, revolutionary improvements / changes are being seen in the functions of the unit.

Human Resource Information System (HRIS) is a systematically prepared software is also known HRIS - Human Resources Information System as Human Resource Management System (HRMS). This helps the unit to perform its human resource functions quickly and automatically. HRIS affects the efficiency of employees, the processes and strategies of the unit. HRIS automates various activities of human resource such as, recruitment, training, human resource planning, performance evaluation, work analysis, etc

HRIS is a software that performs routine tasks such as general and administrative tasks undertaken by the Human Resource Department. Due to which there is an improvement in the overall productivity and efficiency of the employee. The implementation of HRIS makes it easy to record and improve all the information related to the employee. With its use, the recruitment process becomes faster and more effective.

HRIS provides facilities such as saving applicant information, arranging interviews, giving appointments, etc In addition, human resource administrative strategies can be made more systematic. It also gives various types of indirect benefits to the unit by systematizing many functional functions. HRIS is also called HR Package or HR Solutions. Its use can be done for training process, employee performance review, pay-roll management, accounting record, employee benefits and holidays, employee attendance and absence record, etc In short, HRIS gives various types of benefits / advantages to the unit by automating the various functions of the Human Resource Management Department. Due to which, the workload of the Human Resource Department is reduced and the efficiency of the department increases.

**According to Parry's opinion,** HRIS provides services as an ideal strategic tool. It provides managers with various types of necessary information related to employee recruitment and retention strategies, keeping in mind the overall business strategies necessary to fulfill the unit's developmental objectives. Furthermore, through the use of HRIS, the unit can calculate the overall indirect arising from the employee level. Which affects the business as a whole.

Today HRIS (Human Resource Information System) has become a part of almost every large-scale unit. It is a technique that runs through computer and helps in the process of various information related to human resource management. It is a tool that has been prepared to provide information related to the human resource or human resource of the unit. The unit has to incur the expense of a certain amount to establish or implement it in the unit. HRIS provides the facility to record employee-level information in the computer such as ability, skill, knowledge, capacity, qualification, etc which is necessary for the unit to perform any function and to make it immediately available to the manager through the computer network.

HRIS is different from human function because it uses computer or information technology (IT). HRIS becomes a part of the management information system which has relationship with different information. Such as, finance, assets, accounts, sales, marketing, production, etc The use of HRIS does the integration and analysis of information related to the human resource of the unit. It helps the manager in decision making regarding salary fixation, recruitment, training and development. In this context, HRIS acts as a tool of decision support system. The information (input) entered in HRIS includes information related to employees such as, ability, qualification, creativity, age, salary standard, various functions of the unit, various skills and qualifications required to perform it, number of employees, officers appointed on different posts, objectives of the unit, policies and procedures, etc

All this information is recorded in the computer system. This information is analyzed in such a form that it can be very helpful to the manager. This process is called transformation of entered information (input). Information technology gives

prepared information (output) through transformation after printout or other means. HRIS is a tool that business units use on a large scale because it immediately provides important, accurate, relevant and concise information about human resources that is necessary for the unit.

There are also many private agencies in the market that keep and maintain information related to human resources on behalf of the unit. It also provides its services as a consultant unit regarding the recruitment of necessary officers and other employee recruitment to the company. Agencies providing services as this type of consultant are an important external source of recruitment of employees of all types in India and abroad. HRIS is not limited to any industry, business, service, education, government unit or private unit, but it can also be prepared for the entire city, district, state or country so that employees with special skills can be obtained whenever the need arises. HRIS is helpful as a savior for any type of human resource related problem. It immediately provides its services to recruit human resources as well as to keep a complete record of human resources. It presents information on available human resource supply at any time.

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❖ Various HRIS functions are as follows :

➢ **INPUT :**

The Human Resource Information System (HRIS) input information includes all employee-related information, such as employee education, age, experience, training, current position, current salary, whether a promotion has occurred, current and past unit policies, current and past unit procedures/methods, and other detailed information related to all human resources. This is a type of raw information that is obtained from office files and then the information is recorded in a terminal computer that is connected to the main computer. The accuracy of this information is verified by re-checking.

A computerized human resource system is superior in many ways to a manually managed system. A manually managed system is expensive in terms of both time and cost. While HRIS saves time and, at the same time, reduces the chances of errors with the benefit of lower or cheaper costs. Errors can be corrected by removing them. And the most important benefit of this system is that any information can be obtained immediately whenever we want.

➢ **TRANSFORMATION :**

The information entered into the computer can be transformed in a more meaningful way and in a specific form as required by the unit. Currently,

computerized HRIS is a stage of transformation. HRIS transformation is mainly based on computer software. It is the instructions and commands given to the computer to make it useful. A business unit can adopt a functional HRIS according to its needs. They can adopt HRIS for marketing, sales, advertising, production finance, accounts, material supplies, etc These are different types of HRIS that can be easily prepared and adopted in a unit.

The presentation of transformed information in a meaningful form is very useful to the manager and the unit. Here, it acts as a support system for decision-making. Weekly, fortnightly, monthly, and annual summary reports can be easily and immediately obtained by the manager, which is very necessary for the manager to make favorable decisions. For this, statistical analysis, functional research, mathematical methods, etc can also be used.

- **OUTPUT :**

Transformed material is useful in any way. Prepared information (output) means a print/copy obtained through a computer printer of the transformed information. For example, salary slips, a list of checks written to the parties, a report of employee performance, estimates, a sheet showing the average production cost of goods, etc All these matters are presented on a computer printout or monitor screen. A good HRIS performs the function of a high-quality, valuable decision-making assistant to the unit. High-quality output should always be accurate, relevant, understandable, and concise, and not biased.

- **FEEDBACK & CONTROL :**

It is necessary to know whether the prepared information (output) obtained is relevant and useful. The method of ensuring this is feedback. Feedback functions to establish control over HRIS.

### 3.6.1 BENEFITS OF HRIS :

- It provides accurate information.
- It acts very quickly.
- It acts as a very valuable tool for strategic planning and its implementation.
- It immediately provides all the information of the existing employees, such as skills, category, salary structure, qualifications, age, training and development, experience, etc
- It functions as a decision-making support system.
- It is a skilled and expert system.

- It is a time-saving and yet not very expensive system.
- It provides global information.
- All human resource-related information is easily obtained through it.
- It establishes strong operational control.
- It provides various facilities such as presentation of information in various ways, centralized computerized facilities, etc
- It makes the unit's approach to human resources clear.
- All employee-related information is available from one place.
- Information can be linked or integrated with cach other.
- Through it, the provisions of regional and state laws can be complied with.
- Information can be analyzed for the needs of internal and external people.
- Human resource audit can be done.
- It can reduce unnecessary paperwork and human recording work.

### 3.6.2 HRIS Limitations / Disadvantages :

- Human error can occur while entering information (input).
- The unit has to spend to keep HRIS updated.
- There may be unnecessary or incomplete functions in the system regarding the human resource needs of the unit.
- It may be difficult to find an expert who is knowledgeable about the functioning of human resources with computer knowledge.
- Information acquisition becomes dangerous by unauthorized persons.
- Special knowledge and skill are required to use this system.
- Many types of errors can occur while entering information.

## ❖ Exercise :

**Q-1 Give answers of the following question.**

1. Describe in detail the process of human resource planning.
2. What is human resource planning? Describe its benefits.
3. What is human resource planning? Describe the limitations of human resource planning.
4. Describe the prerequisites of human resource planning.
5. Describe the Human Resource Information System (HIRS).

**Q-2 Short Questions**

1. Write the Benefits of Human Resource Information System (HRIS)
2. What are the Limitations of Human Resource Information System (HRIS)
3. Functions of HRIS

**Q-3 MCQ :**

1. What is the first step in the process of Human Resource Planning (HRP)?
   a) Developing recruitment strategies
   b) To decide the objectives of Human Resource Planning
   c) Creating HR policies
   d) Identifying training necds

   **Answer : b) To decide the objectives of Human Resource Planning**
2. Which of the following is an essential function of HRIS in organizations?
   a) Managing payroll processing only
   b) Storing employee data and tracking HR activities
   c) Handling only employee leave requests
   d) Setting up extermal marketing campaigns

   **Answer: b) Storing employee data and tracking HR activities**
3. In Human Resource Planning, what does demand forecasting focus on?
   a) ldentifying training needs of current employees
   b) Predicting future staffing needs and skill requirements
   c) Reviewing past performance of employees
   d) Setting employee compensation levels

   **Answer: b) Predicting future staffing needs and skill requirements**
4. Which of the following HRIS features is primarily used to assist in recruitment?
   a) Performance evaluation tools
   b) Employee satisfaction surveys
   c) Automated job postings and application tracking
   d) Payroll management tools

   **Answer: c) Automated job postings and application tracking**
5. What is the main purpose of workforce analysis in HR planning?
   a) To evaluate compensation strategies
   b) To analyze the demographics, skills, and experience of the current workforce
   c) To determine job satisfaction levels among emnployees
   d) To calculate budget allocations for training programs

   **Answer: b) To analyze the demographics, skills, and experience of the current“workforce**

6. Which step in the HR planning process follows demand forecasting?
   a) Developing recruitment strategies
   b) ldentifying organizational objectives
   c) Evaluating the internal labor market
   d) Conducting performance appraisals

   **Answer: c) Evaluating the internal labor market**

7. How does HRIS help in emplovee development?
   a) By organizing performance appraisals only
   b) By tracking employees' training progress and storing development records
   c) By handling employee leave requests
   d) By managing salary adjustments

   **Answer: b) By tracking employees' training progress and storing development**

8. What is succession planning in HR planning?
   a) Planning for the recruitment of new employees
   b) ldentifying and preparing employees for future key positions within the organization
   c) Developing strategies for employee retention
   d) Organizing team-building events

   **Answer: b) Identifying and preparing employees for future key positions within**

9. In HRIS, which of the following is used to improve employee engagement ?
   a) Automating performance evaluations
   b) Providing self-service portals for employees to access their data
   c) Managing payroll and tax data
   d) Tracking work hours and attendance

   **Answer: b) Providing self-service portals for employees to access their data**

10. hich is a critical aspect of the implementation phase in HR planning?
    a) Setting employee compensation
    b) Evaluating the effectiveness of the HRIS system
    c) Ensuring the availability of required skills in the workforce
    d) Developing job satisfaction surveys

    **Answer: c) Ensuring the availability of required skills in the workforce**

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# Unit : 4
# Job Planning

**4.1 Introduction**

**4.2 What is a Job?**

**4.3 Meaning and definition of Job Analysis**

**4.4 Process of Job Analysis**

**4.5 Types of Job Analysis**

**4.6 Job Evaluation**

**4.7 Performance Appraisal**

- **Exercise**

## 4.1 Introduction

Job planning in Human Resource Management (HRM) is the process of ensuring a company has the right number of employees with the right skills for its current and future needs by aligning the workforce with organizational goals. This continuous process involves analyzing current and future workforce requirements, identifying skill gaps, and developing strategies like recruitment, training, and succession planning to bridge those gaps. Job planning is the process of outlining work activities, tasks, and objectives to improve efficiency and achieve goals, whether for an individual's career or a larger project. Key steps include setting specific goals, defining responsibilities, establishing timelines and budgets, and using data to track progress and negotiate changes. This can range from personal career planning to creating detailed templates for repetitive maintenance work or defining the work schedule for a consultant or department. Job plans are detailed descriptions of work tasks (operations), labor, materials, and tools for a type of work. Job plans let you plan and standardize work tasks.

## 4.2 What is a Job?

A group of similar jobs related by the same activities is assigned to an employee in exchange for a salary, responsibilities, and duties (work elements), which are (1) defined and specific, and (2) complete, measurable, and can be measured, in a broad perspective, the job is synonymous with the employee's role and includes the physical and social aspects of the work environment. Most people identify themselves with their job or role (Foreman, Supervisor, Engineer, etc) and derive inspiration from their specialization or usefulness.

## 4.3 Meaning and Definition of Job Analysis

'Job analysis' is undertaken to identify knowledge, skills, and abilities that should be in a specific job or occupation. In the efforts of test development, a well-done job analysis helps to fulfill the validity of the examination, which has been developed later.

In 'job analysis', the simple word 'analysis' means, to understand something (job) more, a detailed study or examination for something (job). Therefore, to do job analysis, understand more about a specific job. Job analysis is a procedural process of collecting complete information related to a job. Job analysis is done by a job analyst, who is trained for it.

Job analysis is an activity through which you can determine the responsibilities the nature of the job, and ultimately, to determine the qualifications, skills, and knowledge for an employee to do a specific job, job analysis helps to understand which jobs are important and how they are done. Effective training programs, employee selection, and employee evaluation (performance evaluation) and employee compensation methods or compensation plans are determined through job analysis. The first industrial-organizational psychologists to conduct job analysis were Morris Viteles. In 1922, they used job analysis to select employees for the Trolley Car Company.

In simple words, job analysis is a formal program that examines the activities, responsibilities, and responsibilities involved in the individual unit of a job.

❖ **Definitions**

**(1) In the words of Henry E. Vile :**

"Job analysis works with the body structure of the job. This is a complete study of the job that includes every known and decisive factor, which includes the responsibilities involved in its functioning, the circumstances under which the work is carried out, the nature of the job, the skills required in the worker, and the terms of employment such as salary, hours, opportunities, and privileges."

**(2) In the words of Dale Yoder :**

"A job is a collection of responsibilities, activities, that are assigned to an individual and are different from other assignments."

**(3) According to Michael J. Jucius :**

"Job analysis refers to the process of studying the organizational aspects of jobs, responsibilities, and jobs to gain clarity, or it is said through the description of some jobs."

**(4) In the words of Edwin B. Flippo :**

"Job analysis is the process of studying and collecting information related to the activities and responsibilities of a specific job."

**(5) According to Blum :**

"Job analysis is a specific study of the various components of a job, it is concerned not only with the analysis of the responsibilities and conditions of the job, but also with the individual qualifications of the employee."

**(6) According to John A. Shubin :**

"Job analysis is the study of information, the compilation and study of the workplace to define each occupation to distinguish each occupation from all other people."

**(7) In the words of Scott, Clothier, and Spriegel :**

"Job analysis is the process of analyzing the activities, responsibilities, and relationships."

In the language of the common man, the meaning of job analysis is the process of collecting information about a job. This process includes information in two ways :

**(1) Job Description**

**(2) Job Specification**

**(1) Job Description :**

This is a very important document. It is generally clear in nature. It includes both organizational and procedural information. It provides information about the scope of activities, the status of the job, and the responsibilities. It gives a very clear picture to the employees of what they need to achieve their job goals. A good job description is as follows :

(i) The activities and scope should be included in the job with responsibility.

(ii) A good job description should be clear about the status, responsibilities, and responsibilities.

(iii) The complexity of the job.

(iv) The number of skills required for a specific job.

(v) How complex are the problems?

(vi) The level of responsibility of the employee is for each stage of the job.

❖ **The following details are included in the job description :**

**(1) Job Classification :**

It includes the job title, if any, the alternative title, job number, department, or division, etc The job title works properly and the department or division indicates in which department and place the employee works.

**(2) Job Summary :**

There are two purposes here, one is that when the job title is not complete, it gives additional information about the job. The second is that it provides more descriptive information about a specific job.

**(3) Responsibilities :**

This gives a list of all the roles and responsibilities of a specific job. Sometimes the responsibilities are also listed for special skills and for the events of their creation.

**(4) Relationship with other jobs :**

This gives the appropriate amount of the position to the employees. Those who are reporting to them. Such as senior, junior, etc

**(2) Job Specification**

Job specification changes for qualifications to describe a job. This is generally a statement that includes qualifications, characteristics, traits, etc, because the employee has to run their responsibilities. Here, the first thing is to prepare a directory of all jobs and then the next step is to prepare a list of each job.

❖ The following details are included in the job specification :

⇨ **Physical characteristics :**

These qualifications or specifications are different in each job. Physical qualifications are nothing but the abilities of the employees. It includes height, weight, hearing, vision, machine, etc

⇨ **Mental characteristics :**

It includes the ability to interpret information, planning, general knowledge, judgment, memory, etc

⇨ **Social and Emotional Characteristics :**

This is important for the role of managers and supervisors. It includes emotional stability and situational stability. It includes the way they dress, personality, and relationships.

⇨ **Behavioral Characteristics :**

This qualification is very important for selecting employees for the higher levels of managers. This specification is used to show the actions of the managers instead of the traits due to their actions. It includes creativity, research, level of maturity, leadership, etc

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## 4.4 Job Analysis Process

How to place employees to best utilize their skills and abilities? How to determine the needs of new employees in the organization? How to remove unnecessary jobs? How to set realistic performance measurement standards? How to identify jobs and prepare a plan to fill them? Okay, all this can be done effectively through job analysis. Managers face such challenges in the day-to-day operations of the company, where they need to effectively fulfill the organization's needs related to human resource recruitment, selection, work, satisfaction, and additional responsibilities and obligations, and there is no room where they can avoid the risk of being wrong.

A practical and appropriate process for conducting a job analysis is a great relief for them. It helps in maintaining the appropriate qualities of employees, measuring their performance on realistic standards, evaluating their training and development needs, and increasing their productivity. Below are the steps of Job Analysis Process.

**(1) Identifying the purpose of job analysis: -**

Any process is continuous until its purpose is identified and defined. Therefore, the first step in the process is to determine its need and desired output. Spending human efforts, energy, and money is constant, until HR managers do not know how to collect data and what to do with it.

**(2) Who will perform the job analysis :**

The second most important step in the job analysis process is to determine who will take it. Some companies prefer to do it through their human resource department. While some job analysis consultants can be very helpful because they provide impartial advice, guidance, and methods. There are no personal preferences and dislikes for doing a job analysis.

**(3) How to proceed :**

Determining how the job analysis process needs to be handled is definitely the next step. An organized approach is needed on how to handle the entire process to investigate a specific job.

**(4) Strategic decisions :**

Now is the time to make strategic decisions. It is to determine the level of employee involvement in the process, the level of detail to collect and record, the source where the information is collected, the information gathering methods, the processing of information, and the separation of the information collected.

**(5) Training of job analysts :**

It is to train the job analyst on how to proceed and to use the methods for collecting and recording job information and the selection of methods.

**(6) Preparation of the job analysis process :**

It is the next step in communication within the organization. Human resource managers need to discuss the whole matter properly so that employees fully support the job analyst. This stage also includes the preparation of documents, questionnaires, interviews, and feedback forms.

**(7) Collecting information :**

It includes job-related information, including job, working conditions, job activities, wages, necessary human characteristics, job activities, responsibilities, and the educational qualifications of the employees required to perform the work, skills, and abilities.

**(8) Documentation, verification, and review :**

Appropriate documentation is done to verify the authenticity of the collected documents and then it is reviewed. This is the final information that is used to describe a specific job.

**(9) Developing job descriptions and job specifications :**

Now is the time to divide the collected information into useful information. The job description describes the roles, activities, responsibilities, and duties of the job. While job specifications are educational qualifications, experience, personal characteristics, and skills required to do the job.

Thus, the job analysis process helps in identifying the value of a specific job, can best utilize human talent. It can remove unnecessary jobs and determine realistic performance measurement standards.

## 4.5 Types of Job Analysis

Although there are several methods for collecting job analysis information, a combination of one or more methods is preferred, which depends on the needs and requirements of the organization and the objectives of the job analysis process. Generally, all methods focus on collecting basic job-related information, but they can reveal information that is hidden or ignored when used in combination and can prove to be the best tools for making the right job-candidate fit.

Choosing the right job analysis method depends on the organization's structure, management levels, job responsibilities, and related responsibilities. Therefore, before implementing any method, the benefits and disadvantages should be analyzed. Because the information collected through this process makes a big deal and organizations face current market trends, organizational changes, high turnover rates, and many other day-to-day problems.

Below are the some job analysis methods, which are commonly used by organizations to investigate the requirements of a specific job.

**(1) Observation method :**

In this method, the job analyst collects information about all the work that employees do and also collects information about what they do not do. This may be a simple method of job analysis, but it is the most difficult. The main reason is that there is a different way of observing the things of each person, which may include personal prejudices, preferences, and dislikes, which may not give the desired results.

Jobs in which the observation method is successful. It includes the following :

- ⇨ Machine operator
- ⇨ Construction worker
- ⇨ Police officer / patrol officer
- ⇨ Time of arrival of the plane
- ⇨ Bus driver
- ⇨ Housekeeper / gatekeeper
- ⇨ Skilled artisans

❖ **Advantages : -**

(1) With direct observation, a trained job analyst can gain knowledge and information about the job being analyzed. Other job analysis methods (such as interviews or questionnaires) only allow the job analyst to obtain this information indirectly. Thus, with other methods of job analysts, the source of error or exaggeration is either visited by the analyst or presented by the objects on the questionnaire. With direct observation of the analyst, these sources of error are eliminated.

(2) Direct observation provides the job analyst with information about the work environment, tools, and use of tools, and allows for observation of internal relationships with other workers and the complexity of the work (and in some cases experience).

(3) It may be necessary to support the claim if the worker has filed a direct or indirect claim against the employer. Job analysis is necessary to support the actions of the employees taken. However, job analysis may be of limited value if the job analyst has not seen the work of the job. In other words, based on their job description, they cannot oppose scrutiny in the court of law.

(4) It is direct evidence of the judgment about the jobs performed personally and is not subject to the rules of the rumor.

❖ **Disadvantages : -**

(1) One problem with the direct observation method of job analysis is that the presence of the observer can affect the current, which will change their normal work behavior. It is important for the analyst to be natural in their observations. If they know they are being observed, the workers may change their work behavior.

(2) This method is not suitable for jobs that involve a significant amount of uniformity or mental effort.

**(2) Interview method :**

In this method, the human resource is interviewed. Under this method, the employee comes with various thoughts about their work style. The problems

and uncertainties they face or the dissatisfaction they face. It helps the organization to know what employees think about their jobs. It helps in reducing these errors because not only one employee is interviewed, but everyone in the organization is interviewed.

❖ **Advantages : -**

(1) Interviews are a suitable method for all levels and types of jobs. An interview can focus on what might be involved in the estimated work.

(2) Interviews generate descriptive information and enable job holders to interpret their activities. A good interviewer can investigate the sensitive details in more depth. Formal questions cannot do this easily. Job performers can give their views on their work and provide their perceptions and feelings about their job and environment. Rigid questionnaires are less effective where the more emotional aspects of the work are involved.

❖ **Disadvantages :**

**(1) Interviews as the only method of job** analysis in any specific project have disadvantages. Interviews take more time and training is required. The co-counselor can distract the analyst and the performers can be active to discuss the work among themselves. Despite being inexperienced, they can miss things and people have a natural problem of not establishing and maintaining relationships with each other during an interview.

**(2) However, the following disadvantages may be from various interviews :**

- Difficult to bring together.
- The interviewer is prone to prejudice.
- Cannot be captured in specific areas of work.
- One area can be suppressed and other ignored in an interview.
- There are problems in interpretation and analysis with the possibility of distortion.
- The need to consider the individuality of the information captured.

**(3) Questionnaire method :**

This is another common method of job analysis, which uses a questionnaire to be filled out by employees. Care should be taken while raising questions for this, because this method is also prejudiced by the superiors. It is always better if the staff is communicated better so that it can be understood that the information collected is for their own good. Here, different types of questions are prepared for different grades, which is also a waste of time.

The above are some common methods of job analysis. However, there are some other specific methods, including task inventory, job element method, competitive profiling, technical council, threshold traits analysis system, and a mixture of these methods. When choosing a method, human resource managers need to consider time, cost, and human efforts to handle the process.

❖ **Advantages :**

(1) It is the most cost-effective way to collect qualitative information. Information is obtained very quickly and at a very low cost, especially in online and mobile surveys. There are no printing costs, you don't have to hire a messenger to ask people questions, you don't have to buy stamps to send your paper surveys. Still, it will be cheaper than outsourcing to a market research company, no matter what type of survey you choose.

Questionnaires can be placed on your website or emailed to your customers. The cost of these methods is not low, depending on how you manage them, strong targeting is necessary if you want to get the most accurate results. Whether you want to find the ice cream flavor of choice in a local store or know which pizza flavor is more popular, the questionnaire is a cost-effective way to improve the return on investment.

(2) Besides being cheap and attractive, questionnaires are also a practical way to collect questions. They can be targeted and managed in a variety of ways on your preferred groups. You can choose the software you want, as well as the formats (open-ended

or multiple-choice). They offer a way to collect a large amount of information on any topic.

For example, how the KBC Group was able to conduct a behavioral survey and enable them to fill out their quizzes, surveys, and surveys during a three-day event. This resulted in almost real-time feedback without effort.

❖ **Disadvantages :**

(1) Despite the many advantages of the questionnaire, inaccuracy can be a problem. Respondents are not 100 percent accurate with their answers. This can happen for a variety of reasons, including social-business prejudice and an attempt to protect privacy. To prevent inaccuracy in the short term, assure respondents that their privacy is valuable and that the process does not involve personal identification.

(2) Every administrator hopes for accurate responses, but there is no way to know whether a respondent will read the question before answering. Sometimes, answers will be selected before the questions or potential answers are fully read. Sometimes respondents will ignore the questions, or can choose different options. which will affect the validity of your data. It is difficult to overcome this flaw, but you can get the most accurate response if you shorten your survey and make your questions simple.

## 4.6 Job evaluation

Job evaluation was developed from civil service practices and some early employers in job and wage administration systems. Formal job evaluation began with the United States Civil Service Commission in 1871 or with Frederick W. Taylor in 1881, it is now 120 years old and still valuable. The first incentive system was developed in 1920. Workers' organizations have contributed greatly to the development of regulatory plans. The spread of unionism has influenced the establishment of job evaluation, as employers have focused on a central pay structure, as union unity is essential. During World War II, the National War Labor Board promoted the expansion of job evaluation as a method to reduce wage inequality.

It became clear that organizations valued the need for a more complex and larger number of employees. Wage structures became more complex and there was a need to bring order to the chaos caused by the pay rates set by the supervisors for their own employees, and for that, job evaluation became a major part of the responsibility. By the end of the 1950s, the techniques of job evaluation were developed and completed during this period.

With the advent of the civil rights movement, job evaluation is written in legal terms. The Equal Pay Act of 1963 determined whether the job needs to be equal by comparing skills, efforts, and responsibilities, whether it is equal or not. In a 1979 study of job evaluation, the National Research Council, under contract from the Equal Employment Opportunity Commission, conducted a study as a possible solution to the potential wage discrimination. The study suggested that the evaluation of jobs primarily held by women and minorities could be reduced. As a result of this type of discrimination, different compensation factors, the weight given to the factors, and the different plans for different employees, from the customs associated with the job, were used. If the initial report does not take a position on job evaluation, the final report concluded that there is some potential to address the issues of discrimination in job evaluation.

❖ **Meaning :**

Job evaluation is a systematic way of determining the value of a job in relation to other jobs in the organization. It attempts to make a systematic comparison between the relative value of jobs for the purpose of establishing a wage structure.

❖ **Definitions :**

**(1) General definition :**

Job evaluation includes the relative evaluation of each job for the purpose of establishing wage and salary differences. Relative value is mainly determined on the basis of job description and job specifications. Job evaluation helps in determining wage and salary grades for all jobs. Employees need compensation based on the grade of the job. The wage should be based on the relative value of each job. Ignoring this basic principle can adversely affect the unequal compensation and recognition of employees. The other concept is a specific way to encourage an employee.

**(2) In the words of Alvin B. Flipo :**

"Job evaluation is a systematic process for determining the value of a job in relation to other jobs."

**(3) According to Kimbo and Kimbo Junior :**

"Job evaluation presents an attempt to determine the specific value of each job in the plant and to determine what the appropriate basic wage is for this type of job."

**(4) According to Bethel, Atwater, and Smith :**

"In a personal sense, job evaluation is special in both specific and analogous meanings, which means the rating of jobs or the classification of occupations, generally it means the entire field of salary and wage administration with modern guidelines."

**(5) According to the International Labor Organization :**

"Job evaluation can be defined as an attempt to determine and compare the demands made on the average employee in a specific job, without considering the individual skills or performance of the employees."

**(6) In the words of Dale Yoder :**

"Job is a practice that provides certainty in measuring the comparative value of jobs in organizations and similar organizations."

**(7) According to the Bureau of Labor Statistics :**

"Job evaluation is the evaluation or rating of a job to determine its position in the job hierarchy. Evaluation can be achieved through the tasks assigned to determine the evaluation or through the use of any other systematic rating method for the required job requirements. Skills, experience, and responsibility."

## 4.7 Performance Appraisal

In any industrial unit or any other educational social organization, the performance of employees performing various roles at various levels should be evaluated from time to time. The evaluation of the work-performance of the employees is a very important part, in order to increase the effectiveness and efficiency of the employees. Socrates also said that, "The life of any person is meaningless if it is without evaluation."

❖ **360 degree evaluation method :**

For many years, efforts have been made to evaluate job-performance in industrial units. One type of them - 360-degree work, performance evaluation has now become very popular. Its implementation is seen in most companies. In the proposed evaluation type, continuous information about the work of the employee is obtained. In this regard, objective feedback is obtained from the employee himself, his superiors, the people working under him, and his co-workers. The employee evaluates himself in terms of his own abilities, his own limitations, his own achievements, etc His superiors evaluate him in the context of whether the employee has fulfilled his responsibilities properly

or not. His co-workers evaluate him in the context of his teamwork - his ability to cooperate and work with others, his sensitivity towards others, etc While the employees working under him evaluate him in the context of the employee's ability to persuade, his ability to motivate others, his ability to delegate work, and his leadership-related qualities.

Over time, experts in the field of management and experts in human resource development, based on their experience and observations, did not find the 360-degree evaluation method completely satisfactory. They saw many shortcomings in it, even after doing a 360-degree evaluation and giving feedback on its work, the employee needs guidance and advice. For the goals given to the employee during the initial 360-degree evaluation to be fully achieved, even after giving feedback, as before, the need for another 360-degree evaluation arose.

❖ **720 degree evaluation method :**

The initial 360-degree evaluation and then its re-evaluation - thus, from two times 360-degree evaluation, the development of 720-degree job-performance evaluation. The initial 360-degree evaluation ensures a baseline and the second 360-degree evaluation provides training to the employee - completing the training. By personally advising him and making a noticeable improvement in his behavior-attitude, he now makes a very efficient and skilled employee who is capable of achieving the goals of the industrial unit. If needed, his superiors also have personal conversations with him and help him to develop a creative approach and help in developing a business-related strategic view to achieve the goals, often the employees also complain that the feedback of the 360-degree evaluation is delayed until the time of the second evaluation comes, in such a situation, the 720-degree evaluation becomes more effective.

360-degree evaluation is having many limitations. It has been found to be expensive and time-consuming. If there is a lack of authenticity and impartiality in the evaluators, objective feedback is not available. If there is too much reliance on the technical in the industrial unit - then the feedback also becomes a part of a mechanical process. Also, if the employees do not have the necessary credibility in the superiors, they do not provide true and realistic information, etc

In the 720-degree job-performance evaluation, in addition to the various levels of evaluation shown in the previous 360-degree evaluation, the

customers also evaluate the employees and get the opinion of other stakeholders about the employees.

720-degree job-performance evaluation is a development-oriented process. It is also very useful in determining the salary-wages of employees, in making decisions about their promotion, and in their transfer. The employee is committed to achieving the established standards and goals of the industrial unit. Through the proposed evaluation method, the personal strengths of the employees can be assessed, what kind of training is needed, it can also be decided. By welcoming the customer's evaluation of the employee, the customer's satisfaction also increases. The expectations-aspirations of the employees can be better understood, and complaints from them are reduced. Transparency and proper respect and recognition of employees are shown in the entire unit.

❖ **What is work?**

What is the real meaning of the word 'work'? When there are producers, the employees are doing good work. But it suggests a concern for productivity, effectiveness, and efficiency, effectiveness indicates the achievement of goals. However, it does not talk about the cost of reaching the goal and that is why efficiency comes there. Efficiency evaluates the quality of the inputs used in the achieved output. Good output for a given input shows good efficiency. The steps of productivity are determined on the basis of information such as effectiveness, the number of units determined, the percentage of work, etc, and the efficiency of the unit, the average cost or the number of sales units, etc

In addition to productivity, the measurement of effectiveness and efficiency also includes information about the employees, such as accidents, sales growth, absenteeism, and steps to reduce smoking. He is a good employee who performs well in terms of productivity only, but also reduces problems for the organization by working on time and reducing the number of work-related accidents.

❖ **What is evaluation?**

Evaluation is the judgment of goals, characteristics, and the work of others. Based on this judgment, we evaluate and recognize what is good or bad about others. In Industrial performance evaluation, employees are systematically evaluated by the evaluators. Employees want to know their position in the organization. Evaluation is necessary for many administrative decisions. Selection, training, promotion, transfer, wage and salary administration, etc In addition, they assist in the research of employees.

❖ **Definitions :**

Job performance evaluation has been defined in different ways by different scholars. Some important definitions are as follows :

**(1) According Dales Beach, :**

"Job performance evaluation is the systematic evaluation of a person, taking into account his impact on the job and his potential for his development."

**(2) According to Randall S. Schuler :**

"It is a formal, constructive method of measuring and evaluating the job, related behavior, and results of employees to find out how employees are currently performing on the job and how they can be more effective in the future. So that the employee, the organization, and the society all benefit."

**(3) According to Heyel :**

"The process of job performance and evaluation of employees, taking into account the needs of the job, is such that it is functional for the purposes of administration, including placement, selection for promotion, financial rewards, and other activities that are very necessary. The matter between the members of the group, as distinct from the activities that affect all members equally."

**(4) According to Dale Yoder :**

"Job performance evaluation includes all the formal processes used to measure the value and contribution of the individual and the potential of the group members in the organization." It is a continuous process of securing the necessary information to make appropriate and objective decisions about employees."

**(5) Job performance evaluation from the employee's point of view :**

"Job performance evaluation means that employees should be aware of their strengths and abilities and get compensation on that basis."

❖ **Examples of job performance evaluation :**

A recent survey of more than 2,000 full-time employees by North American Advertising found that less than half of the workers say that managers seriously review performance and also say that they receive constructive feedback.

Tech Mahindra shows the annual performance evaluation process every year and this year too. However, the company has not specified the number of employees who will be asked to leave the job. However, industry sources suggest that this number will be in the hundreds. At the end of December 2016, the company had 1.17 lakh employees. In another incident, US-based Cognizant Directors, The Associate VP and Senior VP voluntarily started a separate program, which offers them a 6-9 month salary offer. This development comes at a time when Indian IT companies are facing challenges in the business environment and are facing strict work permit regulations in countries like the US, Singapore, Australia, and New Zealand.

## ❖ Exercise :

### Q-1 Long Questions

1. What is performance appraisal? Describe its process.
2. Explain the meaning of performance appraisal and describe its types.
3. Describe the advantages and disadvantages of the performance appraisal method.
4. Describe the advantages and disadvantages of performance appraisal.
5. What is Job evaluation? Explain in detail?
6. Write the Advantages of the interview method?
7. Disadvantages of the interview method?
8. Advantages of the questionnaire method?
9. Disadvantages of the questionnaire method?
10. Explain 360-degree evaluation method
11. Explain 720-degree evaluation method
12. What is job?
13. What is evaluation?

### Q-2 MCQ :

**1. What is job planning?**

A) Planning vacations

B) Organizing tasks, resources, and time efficiently

C) Hiring employees only

D) Writing reports

**Answer: B**

**2. Which of the following is a task?**

A) Planning vacations

B) Organizing tasks, resources, and time efficiently

C) Hiring employees only

D) Writing reports

**Answer: A**

3. **What does resource allocation involve?**

A) Scheduling tasks randomly

B) Assigning people, materials, and tools to tasks

C) Ignoring deadlines

D) Reducing work hours

**Answer: B**

4. **Why is setting priorities important in job planning?**

A) To delay important tasks

B) To decide which tasks to complete first

C) To hire more staff

D) To eliminate smaller tasks

**Answer: B**

5. **A supervisor notices that a worker is taking longer than expected on a task. What should the supervisor do first?**

A) Fire the worker

B) Monitor progress and adjust the plan if needed

C) Ignore the delay

D) Assign another worker immediately

**Answer: B**

6. **A task is very urgent but not very complex. Another task is less urgent but very complex. How should a manager plan this?**

A) Start with the less urgent, complex task

B) Complete the urgent task first

C) Do both tasks at the same time

D) Ignore deadlines

**Answer: B**

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**BBA SEMESTER-4**

**Human Resource Management**

**BLOCK: 2**

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# Unit : 5
# Human Resource Recruitment & Selection-1

**5.1 Introduction**

**5.2 Concept and objectives of Human Resource Recruitment**

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**5.5 Need of Human Resource Recruitment**

**5.6 Factors affecting Recruitment**

**5.7 Designing Recruitment Policy**

**5.8 Workforce Planning and Recruitment needs**

- **Exercise**

## 5.1 Introduction

Recruitment is a vital function in Human Resource Management (HRM). It refers to the process by which an organization identifies the need for new employees, attracts suitable candidates, and encourages them to apply. Recruitment is the first step in building a strong workforce, ensuring that the organization has the right talent to achieve its goals.

In the modern competitive environment, the success of any organization depends heavily on its human resources. Recruitment ensures that an organization has access to a continuous supply of capable employees, thereby supporting growth, innovation, and sustainability.

## 5.2 Concept and objectives of Recruitment

❖ **Concept :**

Recruitment is not just about filling vacancies; it is about strategically attracting and selecting candidates who fit the organization's requirements. It is a systematic process that involves forecasting manpower needs, identifying potential sources of candidates, and encouraging suitable individuals to apply. In essence, recruitment aims to bring the right person for the right job at the right time. Recruitment is the process by which an organisation identifies a need for personnel, seeks out potential candidates, encourages them to apply, and builds a pool of qualified individuals from which selection may proceed.

❖ **Definition :**

⇨ **Edwin B. Flippo defines recruitment as :**

"Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation."

⇨ **Dale Yoder defines recruitment as :**

"Recruiting is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force."

⇨ **According to William B. Werther and Keith Davis :**

"Recruitment is the process of finding and attracting capable applicants for employment. The process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applicants from which new employees are selected."

In HRM terms, recruitment is more than simply filling a vacancy. It is a strategic activity aligned with the organisation's workforce planning, business goals, and long-term human capital needs. Thus, recruitment serves as the bridge between what the organisation needs and who in the labour market can fulfil that need.

❖ **Objectives of Human Resource Recruitment :**

➢ Objectives of Recruitment are explained as below.

- **To meet the organisation's staffing needs :**

  One of the primary objectives is to ensure that the organisation has the right number of employees, with the required skills and competencies, at the right time. Recruitment is aimed at filling current vacancies and anticipating future workforce demands so that operations are not disrupted.

- **To build a pool of qualified candidates :**

  Recruitment seeks to generate a sufficient number of applicants from which the organisation can select the best. By building a candidate-pool, the organisation avoids emergency hiring and has options - both in terms of quality and quantity of candidates.

- **To improve the quality of hires :**

  Beyond simply filling vacancies, recruitment aims to attract applicants who are well-suited to the job, fit the organisational culture and can perform effectively. Better quality hires lead to higher productivity, lower turnover and better organisational performance.

- **To reduce hiring costs and time :**

  Efficient recruitment helps to minimise the cost per hire (advertising, agency fees, interviewing) and reduce time-to-fill vacancies. A quicker, cost-effective recruitment process aids organisational agility and frees up resources for other HR or business activities.

- **To support organisational growth and change :**

  As organisations expand, enter new markets, adopt new technologies or restructure, recruitment is used to acquire new types of talent and skills. Thus it contributes to the organisation's strategic objectives-ensuring that the workforce aligns with future business direction.

- **To maintain or enhance employer branding and attractiveness :**

  Recruitment gives the organisation an opportunity to present itself as employer of choice. Through good job adverts, candidate experience, clear information about culture and opportunities, the organisation enhances its image. This in turn helps attract higher calibre candidates.

- **To ensure legal, ethical and fair hiring practices :**

  Recruitment objectives include complying with labour laws, discrimination laws, data protection rules, and ethical standards. Ensuring fairness in recruitment helps protect the organisation's reputation, avoid legal risks and attract diverse talent.

- **To promote workforce diversity and inclusion :**

  Many organisations now include in their recruitment objectives the aim of increasing diversity (in gender, background, ethnicity, age, experience). A more diverse workforce brings creative thinking, broader market insight and better innovation.

- **To align human resources with organisational strategy :**

  Recruitment is not just filling jobs but aligning the human resource capability with strategic business objectives. By recruiting the right people, at the right time, recruitment supports the overall mission, vision and goals of the organisation.

- **To build a talent pipeline or succession readiness :**

  Recruitment may also aim at anticipating future vacancies (leadership, critical skills) and therefore building a pipeline of potential candidates (internal or external). This ensures organisational continuity and limits disruptions from retirements, turnover or expansions.

- **To increase job satisfaction and retention :**

  When recruitment is done thoughtfully (matching person to job, providing clear expectations), it leads to higher job satisfaction. When employees are satisfied they are less likely to leave, therefore recruitment indirectly contributes to retention and stability.

## 5.3 Meaning of Recruitment

Recruitment can be defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organization. It is a process of attracting, identifying, and encouraging candidates to join the organization.

⇨ Recruitment is a **positive activity** aimed at attracting candidates.

⇨ It involves understanding job requirements and effectively communicating them to potential applicants.

⇨ It serves both **short-term needs** (immediate vacancies) and **long-term planning** (talent pipeline development).

## 5.4 Importance of Human Resource Recruitment

Recruitment is a cornerstone of effective Human Resource Management (HRM). It plays a vital role in ensuring that organizations have the right workforce to achieve their objectives. The importance of recruitment can be understood in the following ways :

1) **Ensures Adequate Workforce :** Recruitment guarantees that the organization has sufficient employees to meet operational demands. Without proper recruitment, the organization may face manpower shortages, leading to decreased productivity and overburdened employees.

2) **Improves Quality of Employee :** By attracting skilled and talented candidates, recruitment enhances the overall quality of the workforce. A strong recruitment strategy ensures that the organization hires individuals whose skills, experience, and attitude align with organizational goals.

3) **Reduces Employee Turnover :** Selecting the right candidates for the right roles reduces dissatisfaction and mismatches. Proper recruitment leads to better job satisfaction, lower attrition rates, and reduced costs related to hiring and training replacements.

4) **Supports Organizational Growth :** Recruitment brings in fresh talent with new ideas and innovative thinking. This supports business expansion, operational efficiency, and competitiveness in the market.

5) **Cost and Time Efficiency :** Efficient recruitment reduces the time and resources spent on training, correcting errors, and dealing with frequent replacements. It ensures that employees are capable and ready to perform their roles effectively from the start.

6) **Boosts Employee Morale :** Hiring the right individuals increases overall team efficiency and harmony. Employees feel more satisfied and motivated when their colleagues are competent and committed, leading to a positive work environment.

7) **Maintains Organizational Reputation :** Recruitment helps the organization attract top talent. Companies known for a transparent and fair recruitment process build a strong employer brand, which attracts more qualified candidates in the future.

8) **Human resources are a key asset :** The quality of people hired influences productivity, innovation, customer satisfaction, and ultimately organisational success.

9) **Poor recruitment** (wrong person, wrong job, delayed hire) can lead to high turnover, wasted training costs, low morale, and lost business opportunities.

10) **Recruitment influences employer branding :** When candidates see the organisation as fair, engaging, and aligned with their aspirations, they are more likely to apply.

11) **Recruitment connects workforce planning and talent management :** It ensures the organisation is prepared for present and future staffing needs.

## 5.5 Need for Human Resource Recruitment

Recruitment is essential for organizations for multiple reasons, reflecting both short-term requirements and long-term strategic goals. The key reasons include :

1) **Filling Vacancies :** Employees may leave due to retirement, resignation, or termination. Recruitment ensures that such vacancies are promptly filled, preventing disruption in operations.

2) **Business Expansion and Growth :** As organizations expand or introduce new projects, additional workforce is required. Recruitment ensures that the organization has the right number of employees with the necessary skills.

3) **Replacement of Departures :** Natural attrition occurs in every organization. Recruitment is needed to replace departing employees to maintain continuity and operational efficiency.

4) **Introduction of New Skills and Talent :** Rapid technological and market changes demand new skills. Recruitment brings in employees with specialized skills and knowledge that existing staff may lack.

5) **Succession Planning :** Recruitment helps in identifying and hiring employees who can take up leadership or critical roles in the future. This ensures organizational stability and long-term planning.

6) **Operational Efficiency :** Recruitment ensures that all departments have the required workforce to meet targets and deadlines, avoiding delays and inefficiencies.

7) **Compliance with Legal and Social Obligations :** Recruitment ensures that organizations meet labor laws, equal employment opportunity regulations, and diversity requirements, reducing legal risks.

8) **Boosts Innovation and Competitiveness :** Hiring new talent brings fresh perspectives, creativity, and innovative ideas. Recruitment fuels growth, competitiveness, and adaptability in a rapidly changing business environment.

## 5.6 Factors affecting recruitment

When we look at the recruitment function in depth, it becomes clear that its success is shaped by a wide array of influencing factors. These can broadly be grouped into internal (within the organisation's control) and external (outside the organisation's direct control).

1) **Internal Factors :**

The below are factors that the organisation can largely influence or control. They set the stage for how smoothly recruitment will proceed and how effective it will be.

**1. Size and Growth of the Organisation :**

A larger organisation often has more resources (budget, HR staff, brand visibility) and tends to recruit more often or in higher volumes. Because of this, big organisations may find it easier to source candidates, manage recruitment campaigns and build candidate pools. Conversely, smaller firms may have fewer vacancies, less HR infrastructure and may face constraints in attracting large applicant flows. Similarly, if the organisation is in a growth phase (entering new markets, expanding operations, launching new functions) then recruitment demands increase : more roles, more diverse skills, urgency. If the organisation is static or even shrinking, recruitment needs may be fewer or more specialised.

**2. Human Resource Planning and Recruitment Policy :**

Effective human resource planning means the organisation anticipates its staffing needs (how many people, what skills, when) and thereby can align recruitment appropriately. When HR planning is weak, recruitment tends to be reactive (rush hiring, mis-fit candidates). Recruitment policy also plays a key role: whether priority is given to internal promotions/ transfers, or external hiring; whether temporary/contract staff are used; how the organisation approaches sourcing, selection, budget allocation. These internal policies affect the attractiveness of jobs, internal mobility, recruitment sources used.

**3. Cost of Recruitment and Budget :**

Recruitment involves costs: advertising, agency fees, screening tests, interview logistics, onboarding. If the budget is limited, the organisation may be forced to rely on low-cost sources, perhaps limiting reach or quality. With better budget, the organisation can adopt richer channels (specialised agencies, employer branding campaigns, digital sourcing), thereby increasing the chances of attracting high-quality candidates.

**4. Reputation, Employer Brand and Image of Organisation or Job :**

How the organisation is perceived in the job market matters a lot. A strong brand, positive work culture, good employee reputation make the job and organisation more attractive, which boosts applicant interest and quality. On the flip side, if the employer brand is weak (poor work environment, bad past experience, low pay, negative publicity) then recruitment becomes harder: fewer applicants, more effort needed to persuade them. Also, the image of the job itself matters: if the role offers good salary, career prospects, challenging work, good conditions - then it attracts more and better candidates. If it is unattractive (low pay, undesirable location, fewer growth paths) then recruitment will be more difficult.

**5. Nature of the Jobs, Existing Workforce and Internal Factors :**

The kind of positions to be filled their technical complexity, level (entry, mid, senior), location, permanence/contractual nature affect recruitment. Highly specialised or senior roles require more search effort, may need targeted sourcing, perhaps involve headhunters. Simultaneously, internal factors such as the existing workforce profile (age mix, turnover rates, internal promotion opportunities), policies on retirement, job transfers, internal mobility all matter. If many employees are nearing retirement, there is likely more recruitment need. If turnover is high, recruitment may have to happen more often. If internal promotion is heavily used, external recruitment may be less.

❖ **External Factors :**

These factors lie outside the immediate control of the organisation, yet they exert a strong influence on how recruitment is carried out, how difficult/easy it is, and what strategies the organisation must adopt.

1. **Labour Market Conditions and Supply-Demand of Skills :**

   The availability of candidates with required skills is a major external factor. If the labour market has many people who meet the job requirements, recruitment is easier. If skills are scarce (say niche technical roles, or certain expertise), then organisations must work harder (wider sourcing, better compensation, special incentives). The supply versus demand balance affects how selective the organisation can be, how much competition there is from other employers and how much the organisation must invest in attracting applicants.

2. **Economic Conditions / Unemployment Rate :**

   When unemployment is high, there tends to be a larger pool of job-seekers, which may make it easier for organisations to find applicants. When unemployment is low and many jobs are available, competition for candidates increases: organisations must offer better terms, faster hiring process, stronger attraction strategies. Economic upturns or downturns thus affect recruitment positively or negatively depending on context.

3. **Legal, Regulatory and Political Environment :**

   Laws relating to employment (minimum wages, working hours, labour contracts, non-discrimination, reservations/quotas) set constraints for recruitment processes. For example, if there are strict regulations on gender or caste quotas, organisations must comply, which may affect candidate pool and sourcing strategies. Political factors (local hiring rules, regional regulations, labour union strength) also play in. Hence, organisations must design recruitment practices mindful of these external regulatory factors.

4. **Social, Cultural and Demographic Factors :**

   Social and cultural context shapes the labour market: expectations of candidates (work life balance, remote work, flexible hours), mobility (willingness to relocate), demographic trends (ageing workforce, youth entering jobs), gender norms, literacy levels, urban vs rural availability of talent. For example, in regions where mobility is low or where certain groups are underrepresented, recruitment may be more difficult or require tailored strategies.

**5. Technological and Competitive Factors :**

Technology affects recruitment in two ways: (a) through requiring different skills (if technology changes fast, candidate pool may be limited), and (b) through changing how recruitment is done (online job portals, social media, applicant tracking systems). Organisations must adapt to new recruitment channels and candidate expectations (digital, mobile). Also, competition among employers matters: if many employers compete for the same talent in a region or industry, recruitment becomes harder; organisations must offer better compensation, work culture, career prospects, innovate in sourcing.

## 5.7 Designing the Recruitment Policy

A recruitment policy is a formalised statement of how an organisation will carry out its staffing needs in a transparent, cost conscious and fair manner. It serves as a guiding framework that ensures consistency, compliance, and alignment with the organisation's values and business objectives.

- **Transparency :** The policy should clearly articulate how job requisitions are initiated, how candidates will be attracted, how applications will be screened, how decisions will be made, and who is responsible. Transparent procedures promote trust among applicants and internal stakeholders.
- **Cost effectiveness :** The policy must define principles for managing recruitment costs - including how advertising will be handled, whether agencies will be used, what technology (job boards, applicant tracking system) will be engaged, and how cost will be monitored. A policy ensures that spending is planned, justified and aligned with business priorities.
- **Fairness and equity :** Recruitment policy needs to ensure fair access to job opportunities; standards for non discrimination, equal opportunity, internal vs external hiring, and standardisation of selection processes must be clearly articulated. This helps avoid bias, legal risks and ensures consistency in practise.
- **Job requisition and approval workflow :** The policy should define how hiring needs are identified, documented and approved (e.g., manager requests, HR review, budget approval), thus preventing ad hoc or unplanned hiring.
- **Sourcing channels and methods :** It should specify preferred sourcing methods, how internal candidates will be considered, when to use external agencies, and how to evaluate different channels (cost, speed, quality).

- **Selection and onboarding guidelines :** The recruitment policy also sets out how interviews, tests, reference checks, offers and onboarding will be managed, ensuring alignment with the organisation's culture and standards.
- **Monitoring and review mechanisms :** There should be metrics to track recruitment effectiveness (time to fill, cost per hire, offer acceptance rate, source effectiveness) and a schedule for policy review and amendment based on data and business changes.

A well designed policy means that recruitment is not random but organised, aligned with strategy, efficient in cost, and seen by candidates and employees as fair and transparent. Without such a policy organisations risk inconsistent hiring decisions, higher costs, reputational damage, and legal exposure.

## 5.8 Workforce Planning and Forecasting Recruitment Needs

Workforce planning is the process of analysing the current workforce, predicting future workforce requirements, identifying gaps (in numbers, skills, roles), and devising strategies to ensure the organisation has the right people in the right places at the right time.

❖ **Steps in Workforce Planning :**

1. **Analyse current workforce :** Document how many employees you have in each role, their skills, qualifications, experience, age profile, geographical distribution, performance levels, and how many may leave soon (retirement, resignation).
2. **Forecast future requirements :** Based on business strategy (growth, new markets, technology adoption, services), estimate what roles will be needed in the next 15 years, what skills will be critical, where location or volume changes will happen.
3. **Gap analysis :** Compare what you currently have with what you will need. Determine where you have surplus, where you have shortage (numerical or skills), and which roles are high risk (hard to fill, key positions).
4. **Develop strategies :** Decide for each identified gap whether you will recruit externally, develop internally (training, promotion), outsource or automate. Make plans for critical roles and succession planning.
5. **Monitor and adjust :** This is not a one time activity. Workforce planning must be revisited regularly to account for market changes, business shifts, turnover, evolving skill needs, and regulatory changes.

When an organisation engages in workforce planning it avoids being purely reactive (hiring only when a vacancy arises). Instead it becomes proactive anticipating shortages or changes, aligning the workforce with strategic imperatives, reducing risk of talent bottlenecks, and better controlling staffing costs and quality.

### 5.8.1 Forecasting recruitment needs

❖ **Meaning :**

Forecasting recruitment needs is the process of predicting the future demand for employees in terms of number, type, and skills required by an organization. It ensures "that the workforce is aligned with business goals and that talent shortages or surpluses are avoided.

❖ **Concept of Forecasting Recruitment Needs :**

The concept is based on the idea that workforce planning must be proactive, not reactive. By analyzing business strategies, current workforce data, and external labor market trends, organizations can estimate :

- ⇨ How many employees will be needed in the future.
- ⇨ What skills and qualifications those employees should have.
- ⇨ When and where they will be required.

It combines quantitative methods (like trend analysis, ratio analysis, workload analysis) and qualitative methods (like managerial judgment, scenario planning) to create accurate predictions.

❖ **Steps of Forecasting Human Needs :**

**1. Identify the Purpose of the Forecast**

The first step is to clearly define why the forecast is required. This includes deciding which human needs are to be studied, such as food, housing, healthcare, education, employment, or social services. A clear purpose helps guide the entire forecasting process and ensures the results are useful for planning and decision making.

**2. Define the target population**

The population whose needs are being forecast must be clearly identified. This may include a country, region, community, organization, or specific age group. Important characteristics such as population size, age structure, income level, and

geographic location are considered to ensure accurate forecasting.

3. **Collect relevant data**

Reliable and up to date data is collected from various sources. This includes demographic data, economic statistics, health records, education data, and past consumption or service use patterns. Both quantitative data and qualitative information are useful in understanding human needs.

4. **Analyze current hunman needs**

Existing conditions are examined to understand present needs and shortages. This step identifies gaps between what people need and what resources or servIces are currently available. It helps establish a baseline for future projections.

5. **Study Factors Influencing human needs**

Human needs change over time due to several factors. These include population growth, migration, technological advancement, economic development, cultural changes, environmental conditions, and government policies. Understanding these factors helps improve the accuracy of the forecast.

6. **Select an appropriate forecasting method**

Based on the nature of the data and the objective, suitable forecasting methods are chosen. Common methods include trend analysis, statistical projections, scenario analysis, and expert judgnent. The method selected should match the type of human needs being forecast.

7. **Estimate future human needs**

Using the selected method, future human needs are projected. This involves estimating how demand for goods and services will change over time. Assumptions are clearly stated to make the forecast transparent and understandable.

8. **Evaluate and validate the forecast**

The forecast is reviewed to check its reliability. This may involve comparing the results with past trends or testing different assumptions. Validation helps identify possible“errors and improves confidence in the forecast.

**9. Apply the Forecast to Planning and Policy**

The results of the forecast are used for planning, policy formulation, and resource allocation. Governments, organizations, and institutions use these estimates to prepare programs, budgets, and infrastructure to meet future needs.

**10. Review and update the forecast**

Forecasting is a continuous process. As new data becomes available or conditions change, the forecast is updated. Regular review ensures that plans remain relevant and responsive to changing human needs.

## ❖ Exercise :

**Q-1 Long Questions**

1. Explain the meaning of human resource recruitment and describe its concept in detail.
2. What is Human Resource Recruitment? Explain its importance.
3. Why is Human Resource Recruitment needed? Describe in detail.
4. Explain the factors affecting Recruitment ?

**Q-2 Answer in short.**

1. What is recruitment? Give the definition of recruitment.
2. Briefly explain the importance of recruitment.
3. Describe the need for recruitment in short.
4. Write a note on designning recruitment policy.
5. What is workforce planning ? Explain the steps of workforce planning

**Q-1 MCQ :**

1) The process of locating and encouraging potential applicants to apply for existing or anticipated job openings is called :

A) Selection

B) Placement

C) Recruitment

D) Induction

**Answer: C**

2) Who defined recruitment as "the process of searching for prospective employees and stimulating them to apply for jobs in the organization"?

A) Frederick Herzberg

B) Douglas McGregor

C) Edwin B. Flippo

D) David McClelland

**Answer: C**

3) The availability of suitable candidates in the labour market, as a factor affecting recruitment, falls under which category of recruitment factors?

A) Internal organisational factor

B) External environmental factor

C) Job-related factor only

D) Recruitment policy factor

**Answer: B**

4) Which one of these is not typically considered a source of external recruitment?

A) Job posting on the company website

B) Transfer of current employees

C) Recruitment agency

D) Walk-in interviews

**Answer: B**

5) One key objective of recruitment is to :

A) Immediately conduct performance appraisal

B) Ensure that the organisation has a ready pool of qualified candidates

C) Train employees only after selection

D) Replace internal transfers only

**Answer: B**

6) If the organisation's employer brand is weak and many candidates view it unfavourably, recruitment will likely face:

A) Lower costs

B) Easier sourcing

C) Difficulty attracting quality candidates

D) No impact at all

**Answer: C**

7) The job advertisement, employer image, and the clarity of job role collectively influence which dimension of recruitment?

A) Quantity of candidates only

B) Quality of candidates only

C) Both quantity and quality of applicants

D) Neither quantity nor quality

**Answer: C**

8) A situation where the unemployment rate is very low and many companies are competing for the same set of skilled candidates is an example of what challenge in recruitment?

A) High internal turnover

B) Labour market scarcity

C) Strong internal recruitment policy

D) Unregulated external sourcing

**Answer: B**

9) Which of the following steps usually occurs after attracting applicants, in the recruitment process?

A) Job analysis

B) Identifying candidate sources

C) Receiving and managing applications

D) Human resource planning

**Answer: C**

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# Unit : 6
# Human Resource Recruitment & Selection-2

**6.1 Introduction**

**6.2 Sources of Recruitment**

**6.3 Recruitment Process**

**6.4 Selection**

**6.5 Difference between Recruitment and Selection**

**6.6 Selection Process**

**6.7 Conclusion**

- **Exercise**

## 6.1 Introduction

Recruitment and selection of employees are very important after the effective determination of planning and management. The objectives can be achieved on the basis of the selection of the right person. In this context, by studying the various sources related to human resource recruitment, employees can be obtained with the help of the appropriate source. Its recruitment and selection rules, principles, elements, processes, etc have been scientifically determined and are included below.

## 6.2 Sources of Recruitment

Finding suitable candidates and openly informing them about the organization is the most important aspect of the recruitment process. Candidates may be available within or outside the organization. Thus, basically, there are two sources for recruitment, namely internal and external sources.

**(a) Internal Sources :**

When a vacancy arises in the organization, the opportunity can be given to the best employee in the organization who is already on the pay-roll. Internal sources include promotion and transfer. When a suitable employee is given a higher position, it motivates all the other employees of the organization to work hard. Employees can be informed about such vacancies through internal announcements.

❖ **The methods of internal sources are given below :**

➢ **Transfer :**

Transfer involves moving an employee from their current job to a similar job with similar tasks. There is no change in rank, responsibility or prestige in this. The number of individuals does not increase with the transfer.

➢ **Promotion :**

Promotions place people in positions with good reputation, higher responsibilities and higher salaries. The higher position in the vacancy can be filled from within the organization. The number of employees in the organization does not increase due to promotion. The person who gets the higher position will vacate his current position. Promotion will motivate employees to improve their performance so that they can also benefit from the promotion. It generally generates the motivation to perform better than other employees.

➢ **Current Employees :**

The current employees of the organization are informed about the vacancies. The employee recommends his contacts or the people known to him. It helps the managers to find potential candidates. The individuals recommended by the employees may generally be suitable for the job because they are aware of the requirements and circumstances of various situations. Current employees take full responsibility for their recommendations and also ensure their proper behavior and performance.

➢ **Waiting List Based :**

In the past years in the organization, potential candidates have been searched for the potential positions and among the candidates who have been selected, other candidates also have the same qualifications. Then, according to the order of priority, candidates can be called from among the candidates.

❖ **The advantages of internal sources are as follows :**

➢ **Improves morale :**

When an employee within the organization is given a higher post, it helps to improve the morale of all the employees. Generally, every employee expects a higher salary, promotion to a higher position.

➢ **No mistake in selection :**

When an employee is selected from within, the possibility of mistakes in selection is less because every company maintains a complete record of its employees and can judge them better.

➢ **Encourages loyalty :**

It encourages loyalty among employees because they feel secure due to the possibility of progress.

➢ **No permanent decision :**

The chances of permanent decisions are completely gone because the current employees are trying hard and can be trusted.

➢ **Reduction in training costs :**

The current employees are fully familiar with the rules, procedures and policies of the organization. Current employees need little training and that reduces training costs.

➢ **Self-development :**

It encourages self-development in employees because they can hope to get a higher position.

❖ **Disadvantages of internal sources :**

(i) It disappoints the competent individuals who want to join the organization from outside.

(ii) For the need for innovation and creative thinking, this method of recruitment cannot be followed.

(iii) If seniority is the only criterion for promotion, the person filling the vacancy is not really competent.

Despite the disadvantages, it is often used as a source of recruitment for lower positions.

**(b) External Sources :**

❖ The methods of external sources are given below :

➢ **Advertisement :**

It is a frequently used recruitment method for skilled employees. Advertisements can be given in newspapers and business magazines. These advertisements attract a large number of highly enthusiastic and

qualified applicants. Preparing a good advertisement is a special task. If a company wants to hide its name, the applicants are instructed to apply to the post bag or post number or to apply to some advertising agency so that the applicants cannot contact the managers or other employees of the company in any way.

- **Employment Exchange :**

  In India, employment exchanges are run by the government. For unskilled, semi-skilled, skilled, clerical posts, etc, it is often used as a source of recruitment. In some cases, industries have been made mandatory to suggest their vacancies to the employment exchange. The industry or organization requests a list of eligible candidates according to its needs and is contacted through it, and the employment exchange also informs the candidate about the related position. In the past, these agencies were only used as a last resort. Job seekers and employers are brought into contact through the employment exchange.

- **Through schools, colleges and universities :**

  For some jobs where technical or professional qualifications are required, direct recruitment from educational institutions has become a common practice. Close contact between the company and educational institutions helps in getting suitable candidates. Students are seen to have performed well during their studies. In this way, junior level executives or managerial trainees can be recruited. But it is not necessary that the good performance during the study will also be done in the job.

- **Recommendation of current employees :**

  Recommendations are made by current employees to both, the company and the candidate. Therefore, some companies encourage their current employees to help them get applications from people they know. In certain cases, rewards are also given. In addition, if the candidates recommended by them are actually selected and the company proves that the recommendation leads to bias, it damages the morale of the employees.

- **Factory gates :**

  Such notices are posted on the doors of the factories that "Workers Wanted". It is written according to the type of employees required every day. And because of that, some workers are present at the factory gate

every day for employment. This method of recruitment is very popular in India for unskilled or semi-skilled labor. Desired candidates are selected by the first line inspectors. The main disadvantage of this practice of recruitment is that the selected person may not be suitable for the vacancy.

- **Casual callers :**

  Those employees who accidentally come to the company for a job are also considered for the vacancies that have occurred in the company or will occur in the future. It is the most economical method of recruitment. In other countries, this method of recruitment is very popular.

- **Central application files :**

  Files of former applicants who were not selected in the past can be maintained. To keep the files alive, it is necessary to review the applications in the files at regular intervals. And if any candidate is suitable for the current positions, he can be called.

- **Labor Unions :**

  In some businesses such as construction, hotels, marine industries, etc (i.e. industries where there is instability of employment) all recruitment usually comes from the unions. It is beneficial from the management's point of view because it saves the cost of recruitment. However, in other industries, it is said to recommend candidates as a sign of a cordial relationship with the unions or as a favor to the unions.

- **Labor contractors :**

  This method of recruitment is still prevalent in India to hire unskilled and semi-skilled workers in various industries. Contractors keep themselves in contact with the labor and deliver the workers where they are needed. They get a commission for the number of individuals provided by them. This practice is prevalent at times when quick work is to be done in a short period. Oil mills, ginning or pressing factories, road construction works, etc still use this method. It has been said that this practice should be abolished by law and the workers should get their wages directly.

- **Former employees :**

  If employees have left the job in the company on their own or have been released from the factory, they can be taken back if they are interested in rejoining the company (if their record is good). The experience of

those who have retired from any other company in the same field can also be taken advantage of.

- **Job portals/ Organizational websites :**

  With the increase in the number of internet users today, more and more companies and prospective candidates use various job portals. This type of recruitment source attracts more applicants and is very effective for mass recruitment. However, to find the most talented candidates in an open space, it is important for the company to choose the most suitable portal. And that process can be very challenging for the recruiter; Therefore, some points to be considered while choosing a job portal are given in number of people recruited through the portal; data, freshness and compatibility of the database; and cost effectiveness.

  Regarding organizational websites, it can be said that companies are racing to establish their own career sites to attract candidates. Many large corporations encourage potential employees to apply for vacancies through their own websites, as it creates a better understanding of organizational culture as well as the company's name and image.

- **Job fairs/ Exhibitions :**

  This is a source of recruitment that allows recruiters to interview a few candidates for a short period of time. Such fairs or exhibitions often focus on a specific field or a specific group of people (e.g. students, locals, women). Job fairs are effective not only for physical recruitment, but also for establishing new contacts with other organizations. Generally, such events take place at one place through large arrangements, which contributes to cooperation and information exchange.

❖ **Main advantages of external sources :**

- **Availability of suitable individuals :**

  Internal sources, sometimes, may not be able to supply suitable individuals from within. External sources provide a wide selection for management. A large number of applicants are ready to join. The organization can recruit candidates with skills, training and educational requirements.

- **Brings new ideas :**

  The selection of people from external sources will benefit from new ideas. A person who has experience in other companies can suggest new things and methods. Which will keep the organization in a competitive situation.

➢ **Economical :**

This method of recruitment can be economical because new employees are already trained and experienced and do not need more training for the job.

❖ **Main disadvantages of external sources :**

➢ **Morale :**

When a new person joins the organization from outside, the current employees may experience morale because this situation should have come to them. It can hurt the feelings of old employees. Some employees may leave the company.

➢ **Lack of cooperation :**

Old employees may not be able to cooperate with new employees because they feel that their right has been taken away by them. This problem is severe, especially when individuals for higher positions are recruited from outside.

➢ **Expensive :**

The process of recruiting from outside is very expensive. It involves expensive advertisements in various magazines or newspapers to request applications from candidates and then conduct written examinations and interviews. Despite all this, if suitable individuals are not available, the entire process will have to be repeated.

➢ **Problem of disadvantages :**

They cannot be adjusted to new individuals in a healthy way. In such cases, individuals may leave the organization or the managers may replace them. These things adversely affect the work of the organization.

- External sources of recruitment are suitable for the following reasons :
  - (i) The necessary qualities such as desire, skill, talent, knowledge, etc, are available from external sources.
  - (ii) It can help the organization to bring new ideas, better techniques and improved methods.
  - (iii) The selection of candidates will be without pre-conceived notions.
  - (iv) The value of employees will be less because the candidates selected in this method will be placed at the minimum salary level.

(v) The entry of new individuals with various experiences and reactions will help in the human resource mix.

(vi) Current employees will also expand their personality.

(vii) The entry of qualified individuals from outside will last for a long period in the organization.

## 6.3 Process of Recruitment

### 1. Identifying the Hiring Need :

The recruitment process begins with identifying the hiring need within an organization. This step is very important because it new employee for several reasons, such as the resignation or retirement of an existing employee, promotion or sets the foundation for all the other steps that follow. An organization may need to hire a transfer of staff, business expansion, increased workload, or the creation of a completely new positíon. Sometimes, technological changes or restructuring of departments also create new hiring needs.

At this stage, top management or department heads analyze the situation carefully to decide whether hiring is actually required or if the work can be managed by redistributing duties among existing employees. Once the decision to hire is made, management determines the number of vacancies, the nature of the job, and whether the position will be permanent, temporary, or contractual. Budget approval is also obtained to ensure that the organization can afford the recruitment and salary expenses. Proper planning at this stage helps avoid unnecessary hiring and ensures that recruitment aligns with organizational goals.

### 2. Job Analysis

Job analysis is the process of gathering detailed and systematic information about a particular job. It focuses on understanding exactly what the job involves and what is expected from the employee performing it. This step includes studying the tasks, duties, responsibilities, tools used, working conditions, and required skills associated with the job.

Job analysis can be conducted through various methods such as intervievws with current employees, observation, questionnaires, and reviewing past job records. The main objective is to clearly define the role so that there is no confusion later in the recruitment process. A proper job analysis helps the organization identify the knowledge, skills, abilities, and experience needed for the job. If job analysis is not done accurately, the organization may hire the wrong candidate, which can lead to poor performance, dissatisfaction, and high employee turnover.

### 3. Job Description and Job Specification

Based on the information collected through job analysis, the organization prepares a job description and a job specification. These two documents play a vital role in the recruitment process. A job description provides a clear picture of the job itself. It includes the job title, department, duties, responsibilities, reporting relationships, working hours, and working conditions. It helps candidates understand what the job involves and what will be expected from them once they are hired. A iob specification, on the other hand, focuses on the candidate. It lists the qualifications, educational background, work experience, technical skills, personal traits, and physical or mental abilities required to perform the job successfully. Together, job description and job specification help recruiters attract suitable candidates and allow applicants to assess whether they are fit for the role.

### 4. Sourcing Candidates

Sourcing candidates means searching for potential employees who are capable of filling the job vacancy. The aim of this step is to create a pool of qualified applicants. Candidates can be sourced from internal or external sources. Internal sources include promotions, transfers, and employee referrals. These methods motivate existing employees and reduce recruitment costs. External sources include job portals, recruitment agencies, newspaper advertisements, social media platforms, professional networks, and campus recruitment. External sourcing helps bring fresh talent, new ideas, and diverse skills into the organization.Choosing the right sourcing method depends on the type of job, urgency, cost, and availability of talent. Effective sourcing increases the chances of selecting the best candidate.

### 5. Receiving and Sereening Applications

Once candidates apply for the job, the organization begins receiving applications in the form of resumes, application forms, or online profiles. This is followed by the screening process, where HR professionals review applications to identify suitable candidates. Screening is done by comparing applicants' qualifications, experience, skills, and achievements with the job specification. Candidates who do not meet the minimum requirements are eliminated at this stage. This step is essential because it reduces the number of applicants and saves time, effort, and resources in later stages of selection. Proper screening ensures that only the most suitable candidates move forward in the recruitment process.

**6. Selection Process**

The selection process involves choosing the best candidate from the shortlisted applicants. This step is critical because the quality of selection directly affects organizational performance. The selection process may include written tests, aptitude tests, personality tests, technical assessments, and multiple rounds of interviews.

HR interviews focus on communication skills, attitude, behavior, and cultural fit, while technical interviews evaluate job-related knowledge and problem-solving abilities. In some cases, group discussions or practical tests may also be conducted. The goal is to assess whether the candidate has the competence and potential to periom well in the role. A careful and structured selection process helps the organization make the right hiring dees

**7. Reference and Background Checks**

After a candidate is selected, reference and background checks are conducted to verify the authenticity of the information provided. References from previous employers or supervisors are contacted to confirm the candidate's work performance, behavior, discipline, and reliability.

Background checks may also include verification of educational qualifications, employment history, criminal records, and identity details. This step helps the organization reduce the risk of hiring an unsuitable or dishonest employee. It ensures trust and safety in the workplace and protects the organization from future legal or ethical issues.

**8. Job Offer and Appointment**

Once the candidate successfully clears all verification stages, a formal job offer is made. The offer letter contains details such as job title, salary structure, benefits, working hours, location, terms of employment, and joining date. This letter allows the candidate to clearly understand the employment conditions.

If the candidate accepts the offer, an appointment letter is issued. The appointment letter is a legal document that confirms the employment relationship between the organization and the employee. This step marks the successful completion of the recruitment process.

**9. Onboarding and Placement**

The final step of the recruitment process is onboarding and placement. Onboarding involves welcoming the nevy employee and introducing them to the organization 's policies, rules, culture, values, and colleagues. Orientation programs, training sessions, and workplace tours are often conducted during this phase.

Proper placement ensures that the employee is assigned to the right job according to their skills and abilities. Effective onboarding helps new employees adjust quickly, reduces anxiety, improves job satisfaction enhances productivity. A positive onboarding experience increases employee engagement and long-term retention.

## 6.4 Selection

Human resource selection is the process of selecting qualified individuals who are available to fill vacancies in the organization. The selection of the best applicant in the situation to fill the ideal employee's place is included. Selection is the process of obtaining and analyzing information about applicants from a perspective that matches the job requirements and selecting people. It involves careful examination and scrutiny of candidates who apply for any job in the organization. It is the process of selecting the most suitable individuals from among all these applicants. The purpose of selection is to select the right person for each job. The selection process is related to keeping the information related to the applicant secure. This information is secured in many steps or stages. The purpose of the selection process is to determine whether an applicant meets the eligibility for a particular job? And the employer selects the one who performs well in that job. Selection is a long process, which starts with the initial interview of the applicants and ends with the appointment. There are sequential steps in the selection process. It is necessary to successfully pass each step before the applicant moves forward. The selection process is a series of continuous obstacles or obstacles that the applicant has to overcome. But these obstacles are created to remove the unsuitable candidate at any time in the selection process. Thus, this technique is called "Successive Hurdles Technique". In practice, the selection process differs between two different jobs in the same organization. The selection process for senior managers can be lengthy and rigorous, but it is simple and short when recruiting lower level employees.

## 6.5 Difference between Recruitment and Selection

The difference between recruitment and selection has been described by Edwin B. Flippo, "Recruitment is the process of finding potential employees and encouraging them to apply for employment in the organization. It is often called positive because it encourages people to apply for jobs, while selection is negative because it rejects a good number of people who apply." The main points of difference between recruitment and selection are as follows :

Recruitment and selection are two important steps in the process of hiring employees, but they differ in purpose and nature. Recruitment is the process of finding and attracting potential candidates for employment. It involves identifying job vacancies, advertising them, and encouraging qualified individuals to apply. The main goal of recruitment is to create a large pool of interested and capable applicants from which the organization can choose. It is a positive process because it focuses on increasing the number of people who apply for the job.

On the other hand, selection is the process of choosing the most suitable candidate from the pool of applicants generated through recruitment. It involves evaluating candidates through various steps such as screening, tests, interviews, reference checks, and medical examinations. The objective of selection is to identify the person who best fits the job requirements and the organization's culture. Unlike recruitment, selection is a negative process because it involves rejecting unsuitable candidates and choosing only the best one.

Recruitment encompasses the systematic process of attracting a wide spectrum of prospective candidates to apply for organizational vacancies. This process involves strategic activities such as job analysis, targeted advertising, campus outreach, and incentivizing qualified individuals to submit applications. Its primary objective is to generate a robust pool of competent candidates, thereby maximizing the organization's options. Recruitment is inherently an expansive and positive process, as it aims to increase the inflow of talent.

Selection pertains to the meticulous process of evaluating and choosing the most suitable candidate from the assembled applicant pool. This phase involves a sequence of analytical assessments including application screening, psychometric and skill-based tests, structured interviews, reference verification, and, where necessary, medical examinations. The objective of selection is to ensure the appointment of an individual whose competencies, experience, and values align optimally with the organizational needs and culture. Unlike recruitment, selection is inherently a reductive or eliminative process, as it systematically filters out unsuitable candidates.

In short, recruitment aims to attract candidates, while selection aims to choose the right candidate. Recruitment creates opportunities for people to apply, whereas selection finalizes the appointment of an employee who meets the organization's needs.

## 6.6 Selection Methods

❖ The main factors determining the selection process are as follows :

The selection process depends on the number of candidates available for selection. The selection process is based on the methods adopted for contacting the sources of recruitment and potential candidates. The various steps involved in the selection process depend on the type of employees to be selected. All the above factors are not mutually exclusive, but they work together. In any case, the basic objective of the selection process is to gather more relevant information about the candidates. It is possible to select the most suitable candidates.

In any organization, the recruiter makes a decision that is essential for the well-being of the company. In order to retain the most talented employees, the human resource manager needs to consider various parameters. Fortunately, there are many different selection methods that help the recruiter in this difficult process. In addition, it was mentioned in the summary before the process was agile and expensive that the human resource manager pays more attention to getting to know the applicant better and determining their abilities, talents, skills and qualifications. It is also taken into account based on what knowledge, qualifications and skills are required for which position. Along with that, he uses various tests for it. The steps for employee selection generally practiced are presented below:

**(1) Preliminary Screening Interview**

**(2) Application Form Completion**

**(3) Application Form Review**

**(4) Written Test**

**(5) Interview**

**(6) Background Check**

**(7) Approval by the Appropriate Authority**

**(8) Physical Fitness**

**(9) Placement or onboarding**

**(1) Preliminary Screening Interview :**

All applicants first come face to face with the company, then they are welcomed by the welcome level in the company. Along with that, an attempt will be made to gather information about him through a short conversation and it will be beneficial to sort the unselected applicants before using the further selection steps based on the details obtained. For this purpose, preliminary visits, application blank memory and short tests can be used. The employee department reviews all the applications received to remove applicants who do not meet the required qualifications or work experience or technical skills. Such candidates will be informed of their rejection.

Preliminary visits are a search process in which potential candidates are given the necessary information about the job and the nature of the organization. The necessary information about their needs, skills, experience, expected salary, etc is obtained from the candidates. If the candidate saves both time and effort. Unnecessary waiting for the rejected candidates and the expenditure of money on the process is avoided.

**(2) Filling Application Form Completion :**

The application form is also known as the blank application. This method is traditional and is widely accepted to secure information from potential candidates. It can also be used as a tool to show the primary details of the candidates and complete information about them. Many companies create their own style of requirements based on the need for information, the nature of business activities, the type and level of the job, etc It is a good way to quickly check the basic historical information from the applicant (and thus accurate). It also acts as a tool to store information for the appropriate members of the management team and for subsequent reference, as well as a tool to disseminate information. Many types of application forms are used, sometimes very long and extensive and sometimes short. Generally, information is needed on the following items in the application forms: personal background information, educational achievements, work experience, salary, personal details and references. Information about the potential employee is needed to make the right selection and to know him better. There should be space for signature in the application form which ensures that every item in the form is correct.

**(3) Review of Application :**

The forms received must be scrutinized in detail. The information shown in the form is checked whether it is correct or wrong. All the information included with the personal information is compared. It is checked whether the form is incomplete, confusing or wrong. Forms that do not meet the standards set for educational qualifications for the positions requested, as well as the need for technical knowledge and if the candidate has not obtained it, the need for some kind of work experience and whether he has obtained it or not, the candidate's request for any concession or higher salary. If any suspicious matter is noticed in the candidate's past job references, that matter should be noted. It is not necessary to get complete information about the candidate by filling a long form, it is also possible to get detailed information later. The application form should be signed by the candidate; Thus, an applicant is assured of complete confidence and correct information.

**(4) Written Test :**

Selection Tests : There are many selection tests to know more about the candidates or to reject those candidates who cannot be called for an interview. The selection test generally complements the information provided in the application form. Such forms may contain factual information about the candidates. Human resource managers use various tests to get to know the applicant better and to determine their abilities, talents, skills and qualifications. Psychological tests play an important role in employee selection. A psychological test is an objective and measurable measure of behavior that is essential. From which the behavior and performance of the candidate can be linked to the future. The purpose of the tests is to measure the validity and reliability of the tools in measuring the abilities of individuals. The commonly used employee selection methods are presented below:

**(a) Intelligence Tests :**

These assessment methods are designed to assess the candidate's abilities and to predict their potential for developing the skills necessary for a specific vacancy. There are two types of tests: The first measures general aptitude (verbal and arithmetic skills, reasoning skills, reading comprehension, etc), which aims to assess a person's mental abilities in relation to reasoning, word flow, numbers, memory, understanding, picture arrangement, etc It measures the ability to understand and make decisions. Such tests are taken accordingly if any candidate is to be selected for a higher position.

The second is designed to measure specific skills (sales skills, technical skills, proficiency skills, etc). Skill tests are very useful in predicting job performance and thus often help in selection. Generally, these tests contain multiple choice questions and are done on paper and pen or pencil or computer.

**(b) Authenticity - Interest Test :**

Helps to measure the attitude and experiences of the potential employee to be authentic, trustworthy and reliable. Along with that, it determines the applicant's interests. In those tests, the applicant is asked what he prefers through many examples of school subjects, businesses, entertainment, specializations of people and special activities. It is strongly associated with morality and therefore is a complete complement to personality tests.

**(c) Personality Test :**

It is most important for any small or large organization, because it is always possible to improve skills and qualifications in a specific area, but it is almost impossible to change a person's personality. The test helps the candidate to predict the behavior of the potential employee based on his personality. The characteristics of personality have a notable impact on the job, especially in businesses where the employee has to work with people (managers, sales, various customer relations jobs, etc). Identifying the characteristics associated with the work is decisive, because a person with a personality can be successful in one job but fail in another. Personality tests assess parameters such as mental stability, excessive optimism, emotional stability, consensus and openness to experience. These tests generally have multiple choice and true/ false questions that measure each personality parameter.

**(d) Aptitude Test :**

This test measures whether a person has the ability or talent to learn a job given to a person if they are given proper training. This test is more useful for administrative work such as clerk or supervisor and sales related jobs.

**(e) Work Related Test :**

This test is conducted when the applicants claim to know something because this test is related to what they have done. This test is more useful for measuring the value of a specific test when the organization wants to employ experienced candidates. When there

is the ability to learn the qualifications in the future, the achievements that have been achieved prove what someone has done. Achievement tests are given to measure it. For example, a candidate is asked to work directly on a machine or a candidate who has come for computer work is asked to work on a computer.

**(5) Interview :**

The personal interview is the most frequently used method of selection. It is the most agile selection technique because it includes measuring all the related characteristics and gathering all other information about the applicant and including classification. In practice, all organizations use interviews for various purposes, including selection, assessment, disciplinary action, persuasion and general problem solving. The interviewer should prepare thoroughly and go for the interview. Taking an interview is also an art. It is not appropriate for the interviewer to select the candidate based on his personal prejudices, but the creative interview is very useful, to predict the job performance, because it includes a specific set of questions designed to assess almost any skill set. In addition, the certified rating criteria help the human resource manager to assess the quality and effectiveness of the feedback. To make the interview effective, the interview is properly planned and some principles are followed; Edwin B. Philip has described some good interview rules and principles in this regard:

Provide a suitable environment, the arrangement for the interview should be relaxing and private :

- ⇨ It should be mentally uniform, the interviewer must be familiar with the non-verbal behavior.
- ⇨ Plan for the interview by reviewing the clear communication and the complete review of the communication.
- ⇨ Determine specific objectives and interview methods.
- ⇨ Know the questions related to the information that is known about the interview.
- ⇨ The interviewer should show respect to the applicant about the basic interests and the matters of attention.
- ⇨ Questions are asked in such a way that it encourages the interview to talk. Put the applicant at ease.
- ⇨ Make a decision only when all the data and information are available. Avoid making initial impression-based decisions.

- ⇨ While completing the interview, maintain such a demeanor that the candidate is neither very happy nor disappointed.
- ⇨ Maintain some written records of the interview during or immediately after the interview.
- ⇨ Listen carefully and, if possible, securely.
- ⇨ Questions should be clearly stated to avoid confusion and ambiguity.
- ⇨ Discuss the questions based on the mood and the subject. Take care not to digress.
- ⇨ 'Body language' should not be ignored. The candidate's mouth, head movements, hand movements, etc should be taken into account.
- ⇨ The interview is largely an art, which can be improved through efforts.

**(6) Background Check :**

The next step in the selection process is to conduct an investigation of the candidates who are likely to be employed. This may include contacting former employers to verify the candidate's work record and to assess their work performance/other work-related and personal references and to verify the educational achievements shown on the application. The main effects of background checks are that the employee manager is responsible for checking each potential applicant. In some organizations, failure to do so can lead to loss of work. But many managers consider the information from background checks to be very prejudiced. In reality, who will suggest the best possible recommendation? The renowned employee administrator expects this and goes deep into the candidate's past, but even that may not prove beneficial. Many former employers are reluctant to provide any information to other companies other than factual information (e.g. date of employment). In this regard, the employee should obtain the necessary information about the employee's past through the references suggested by them and the correspondence with them through letters or phone or other means.

**(7) Approval by the Appropriate Authority :**

Based on the above steps, the selection committee or the employee department recommends the appropriate candidates for selection. And the position for which the employee is selected, he is recommended to work as a trainee on that position, however, in the end, such a committee or employees may have the right to select the candidates. Often the staff officers recommend the selection to the appropriate authority.

Organizations may appoint various authorities for the final selection of candidates for various candidates. Thus, for the top level managers, the board of directors can give approval; For the lower levels, the relevant superior officer may also be the approving officer. But the employee is said to be finally selected when the employee selected for that department is approved by the head of that department.

**(8) Physical Fitness :**

After the selection decision and before the job offer, the candidate must pass the physical fitness test. Candidates are sent for a physical examination by the company's physician or for the purpose of the company. It is not necessary to have a physical examination before the job, it can also be done later. Physical examination is necessary according to the type of job and the need to work. For those who work on computers, an eye exam does not cause any difficulty in the work. It is natural that they should be physically fit in the selection of laborers. If employees who are ill or physically weak often take leave, which directly affects the work.

**(9) Appointment Process :**

After the candidate is finally selected, the human resource department recommends their name for employment. The company's management or board issues an employment in the form of an appointment letter, which mentions the position, its level, the salary grade, the date by which the candidate joins and other terms of employment. Some companies enter into a service agreement on legal paper. The employee is informed about the work for which he has been selected and for which department. He is made aware of the responsibilities of the position. Along with this, the history and work plan of the company and complete information about it are given. Details of the benefits and future benefits are given. The time of work, and the rest he gets during the work time are also mentioned. The company will take care of him and he will work efficiently by remaining loyal to the company, they will establish mutual trust.

According to Pigors and Myers, "The placement (appointment) of a new employee seems at first glance to match the needs of the supervisor, but it works on him by drawing on what the new employee can do with the job requirements (work requirements), the terms of the job, etc are automatically imposed on him. In addition, he also gets the opportunity, such as salary rates, interest, behavior with others, promotion possibilities, etc."

The employee should talk to the active working conditions in the industry and all the things related to the job. If he can make a complaint, there should also be a penalty for the mistake he has made on the other side.

A person should be put on the job according to the needs of the job. The job is arranged according to the requirements. Placement (appointment) may be unstable in the initial phase because there is a possibility of changes after the agreement. Later, training can be replaced for a better job for the employee, where he can do better justice.

## 6.7 Conclusion :

Selection is the process of choosing individuals from a group of job applicants with the necessary qualifications and skills to fill jobs in an organization. Proper selection can reduce replacement (appointment) and training costs, reduce legal challenges, and result in a more productive workforce. To make the selection process effective, there should be a selection tool, such as the selection process should be reliable. In other words, it must be ensured that the candidate's scores are consistent and do not change with time or circumstances. The selection process must be valid. A valid method is one that measures what is important to measure (e.g. job performance).

To select a valid selection method. It is important to consider three aspects of validity :

(1) Agree on the desired characteristics or the essential skills for successful job performance;

(2) Arrange it so it can be measured;

(3) Select methods that will accurately predict these characteristics or skills.

The selection process should predict the related measurement criteria. Each organization should keep at least the minimum accounting information about the process through its human resource department. It is necessary to evaluate the process and ensure that its value is effective, timely, and that the right person is hired. Furthermore, this type of information can help in future recruitment and selection of growing work as an organization. The selection process for the recruitment of skilled and managerial employees in India is well-defined and method-based.

### ❖ Exercise :

### Q-1 Long Questions

1. Describe the method of employee recruitment.
2. Explain indirect method of employee recruitment.
3. Clarify the difference between "recruitment" and "selection" of employees.
4. Give meaning of employee recruitment and understand its sources in detail.
5. Give meaning of employee recruitment and understand the direct and indirect sources of recruitment.

6. Write method of employee selection in detail.
7. Explain the employee selection process.
8. Understand the method of employee scientific selection in detail.
9. Explain the various tests for employee scientific selection.
10. What is scientific recruitment? Discuss the steps of the employee selection method.
11. Explain the factors affecting employee recruitment.

**Q-2 Answer in short.**

1. Explain the types of tests in employee selection.
2. What is employee recruitment?
3. Explain the necessity of recruitment.
4. Write importance of recruitment.
5. Discuss the methods of direct recruitment.
6. Explain of indirect recruitment.
7. Write the names of the external sources of employee recruitment.
8. Explain any four rules and principles of giving an interview.
9. Explain the benefits of internal sources of employee recruitment.
10. Explain any four internal sources of employee recruitment.
11. Explain the written tests of employee selection.

**Q-3 Write a short note :**

1. Indirect recruitment
2. Selection method
3. Selection tests
4. Internal sources of recruitment

**Q-4 MCQ :**

1. Sources of recruitment are broadly classified into :

   A) Internal and external sources

   B) Local and foreign sources

   C) Private and public sources

   D) National and international sources

   **Answer : A**

2. Which of the following is an internal source of recruitment?

   A) Employment exchanges

B) Advertising in newspapers

C) Employee transfers and promotions

D) Campus interviews

**Answer : C**

3. An external source of recruitment includes :

A) Promotion from within the organization

B) Employee referrals

C) Transfers

D) Retired employees

**Answer : B**

4. Which of the following is an advantage of internal recruitment?

A) Brings in new ideas

B) Encourages loyalty and motivation among existing employees

C) Higher cost of selection

D) Time-consuming process

**Answer : B**

5. A major disadvantage of internal recruitment is :

A) Lower morale among current employees

B) Limited choice of candidates

C) High cost of advertising

D) Longer induction process

**Answer : B**

6. Which of the following is a formal external source of recruitment?

A) Casual applicants

B) Labor contractors

C) Campus recruitment

D) Personal contacts

**Answer : C**

7. Campus recruitment is generally used for :

A) Hiring retired employees

B) Recruiting fresh graduates and trainees

C) Recruiting unskilled labor

D) Promoting internal staff

**Answer : B**

8. The selection process starts after :

   A) Training

   B) Recruitment

   C) Performance appraisal

   D) Promotion

   **Answer : B**

9. The first step in the selection process is :

   A) Preliminary interview or screening

   B) Final interview

   C) Medical examination

   D) Job offer

   **Answer : A**

10. The final step in the selection process is :

    A) Reference check

    B) Job offer and appointment

    C) Psychological testing

    D) Application form screening

    **Answer : B**

11. A selection test is designed to

    A) Increase the number of applicants

    B) Assess candidate's ability, aptitude, or personality

    C) Provide on-the-job training

    D) Decide salary levels

    **Answer : B**

12. Which of the following tests measures a candidate's mental ability and intelligence?

    A) Trade test

    B) Intelligence test

    C) Interest test

    D) Personality test

    **Answer : B**

13. Reference checks are used to :

    A) Verify the background and behavior of candidates

    B) Train employees for future roles

    C) Test job knowledge

    D) Conduct medical examinations

    **Answer : A**

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# Unit : 7
# Human Resource Training and Development

**7.1 Introduction**

**7.2 Concept and Meaning of Training**

**7.3 Objectives of Training**

**7.4 Types of Training**

**7.5 Training Methods**

**7.6 Difference between Training and Development**

**7.7 Key Components of the Effective Training Program**

**7.8 Performance Appraisal**

- **Exercise**

## 7.1 Introduction

In today's knowledge-based environment, things are changing very rapidly. To maintain its position, an organization needs to work hard and act very quickly. Organizations gain strategic advantages only through their core competitiveness and the skills of their employees. Therefore, to achieve excellence, organizations must invest in improving the skills of their employees. This is done through training and development processes.

## 7.2 Concept and Meaning of Training :

Training and education are different in nature and direction, but they are complementary. An employee, for example, who receives training is considered to have received formal education. Also, no training program is complete without the elements of education. In reality, the difference between training and education is becoming more and more apparent today. As more and more employees are asked to use judgment and choose practical solutions to job problems. Training programs want to expand and develop a person through education. For example, in the service industry, employees may need to make decisions about working at well-paying jobs and/or with their clients. Therefore, when planning a training program, the organization should consider the elements of both education and training.

Development refers to the opportunities for learning created for the growth of employees. Development is not primarily skill-oriented. Instead, it provides general knowledge and attitudes that will help employees in higher positions. Development often relies on personal drive and ambition.

- **Human intelligence and the collective personality of employees depends on the following :**
  - **Productivity :**

    Training and development help increase employee productivity. It helps the organization achieve its long-term goals.
  - **Team Spirit :**

    Training and development help increase team work, team spirit and understanding of inter-team cooperation. It helps to develop enthusiasm within employees.
  - **Organizational Culture :**

    Training and development helps in the development and improvement of organizational health culture and effectiveness. It helps to create a learning culture in the organization.
  - **Organizational Environment :**

    Training and development helps in creating a positive attitude and feeling towards the organization. Employees get these feelings from leaders, colleagues and peers.
  - **Quality :**

    Training and development helps in improving the quality of work and life.
  - **Healthy work environment :**

    Training and development helps to create a healthy working environment. It helps to build good employees, relationships. So that personal goals are aligned with organizational goals.
  - **Health and Safety :**

    Training and development helps to improve the health and safety of the organization. This prevents accidents.

- **Suggestions :**

  Training and development helps to make a better corporate image.

- **Profitability :**

  Training and development leads to profitability and a more positive attitude towards profit.

  Training and development in organizational development helps the organization to make more effective decisions and solve problems. It helps to understand and implement organizational policies. Training and development helps in the development of leadership skills, motivation, loyalty, good attitudes and other aspects that successful workers and managers generally demonstrate.

## 7.3 Objectives of Training :

Training has been defined by Wayne Cascio, "Training involves planned programs to improve employee knowledge, skills, attitudes and social behavior, thereby improving the performance of the organization."

❖ The purpose of training and development can be understood as follows :

- **Improving the quality of the workplace :**

  Training and development helps companies improve the quality of work done by their employees. Training programs focus on specific areas. By improving the quality of work in that area.

- **Increase employee growth :**

  Every employee who takes a development program becomes better at their job. Training fulfills completeness and essential practices. Therefore, it is able to develop the employee's development professionally.

- **Prevents obsolescence :**

  Through training and development, employees are familiar with new technologies and reduce the fear of being fired from their jobs.

- **New approach assistance :**

  Training and development programs help new employees to adapt to new work methods, new technologies, the company's work culture, etc

- **Reducing the gap between planning and implementation :**

  The plans made by the companies expect that the employees should be specific and complete to achieve certain goals within a certain time frame with certain qualities for the work of the employees. Training helps to achieve certainty and completeness.

- **Health and safety :**

  Training and development programs clearly identify and teach employees about the various risks involved in their jobs, which can create various problems and help improve health and safety steps in the company and how to prevent such problems.

## 7.4 Types of Training :

We can use different types of training to engage employees. These types are generally used in all aspects of the training process (attitude, guidance and external training). The amount of resources available for the training used depends on the type of company and the importance given to the company's training. Most human resource managers use this type of training for comprehensive employee development.

- **Technical Training :**

  Depending on the type of job, technical training may be required. Technical training is a type of training to teach an employee the technical aspects of a job. In a manufacturing environment, technical training may involve learning how to use computer systems to provide feedback to customers. In a sales situation, it may involve showing someone how to use a customer relationship management (CRM) system to find new leads. In consulting businesses, technical training can be used so that consultants know how to use the system to input the number of hours charged to the client. In a restaurant, there is a need to provide training on how to use the system to process orders to the server. Let's assume that your company has decided to switch to a new version of Microsoft Office. To ensure that each person uses the technology effectively, they may need comprehensive technical training. Technical training is often done in-house. But it can also be managed externally.

❖ **Quality Training :**

In production-oriented businesses, quality training is extremely important. Quality training is generally associated with organizations that produce products, with the tools to prevent, diagnose and eliminate defective items. In a world where quality can set your business apart from competitors, this type of training provides employees with the ability to identify products that do not meet quality standards and learn what to do in this situation. Numerous organizations, such as the International Organization for Standardization (ISO), provide quality measurement based on a number of metrics, this organization provides a step for quality approval for companies producing products. ISO has developed quality standards for almost every field, not just focusing on product quality, but also companies certified in environmental management quality are the ISO9000 quality management system. While ISO14000 is a set of standards for environmental management. ISO has developed 18,000 standards in the last 60 years. With the increase in globalization, this international quality standard is more important for business development than ever before. Some companies, such as 3M (QAI, 2011), offer ISO training as an online training, which employs companies like QAI to provide online training and both classes to employees.

Providing training to employees on quality standards, including ISO standards, can give them a competitive advantage. It can result in cost savings in production and increase the marketing of quality-controlled products. Some quality training can be done in-house. But organizations like ISO also provide external training.

❖ **Skills Training :**

Skills training, the third type of training, involves the skills needed to actually do the job. For example, how to answer the phone can be trained to an administrative assistant, while a best buy salesperson can be trained on how to assess customer needs and provide information to the customer on how to make a purchase decision. Think about skills training, which are the things you really need to know to do your job. A cashier doesn't just need to know the technique of ringing someone up, but what to do if something is wrong? Most of the time skills training is provided and may involve a mentor. Skills

training is a type of training from AT&T and Apple (Whiting, 2011). Which was asked to give retail employee training on the iPhone 5 to their managers in the summer of 2011. Which was introduced in the market in the fall.

❖ **Soft Skills Training :**

Our fourth type of training is called soft skills training. Soft skills provide the characteristics of personality, social grace, communication and personal habits that are used to describe relationships with other people. Soft skills can include how to answer the phone or how to greet customers in a friendly and welcoming manner. It can include self-esteem training and ethics training. In some jobs, the necessary soft skills may include how to motivate others, maintain small conversations and establish relationships. In a retail or restaurant environment, soft skills are used in every interaction with customers and are a key factor in the customer experience. In fact, according to a survey by Computerworld magazine, executives say that there is a growing need for people who need not only technical skills to do the job, but skills such as strong listening and communication skills (Hockman, 2007). As a result, managers must work together to strengthen these employee skills. Soft skills training can be managed either at home or externally.

❖ **Professional and Legal Training :**

In some jobs, professional training should be ongoing. Professional training is a type of training that should be up to date in its professional field. For example, tax laws change frequently, and as a result, an accountant for an HR block must receive annual professional training on new tax codes. Lawyers need professional training as the law changes. Personal motivation trainers will pass annual certifications to stay up to date on new fitness and nutrition information.

Some organizations have paid high costs for not properly training their employees on industry-related laws. In 2011, Massachusetts General Hospital was fined more than $1 million in penalties for not complying with privacy policies (Donnelly, 2011). As a result, the organization agreed to develop training for workers on medical privacy. Penalties could have been avoided if proper training had been provided at the beginning of the organization. Other types of legal training may include gender discrimination law training and discrimination law training.

❖ **Team Training :**

Do you know the exercise in which a person is asked to close their eyes and turn around? And then it is believed that the members of the team will catch that person?

Team building exercises is an example of team training. The purpose of team training is to develop unity among team members, which helps them to get to know each other and create relationships, we can define team training as a process that enables teams to improve decisions, problem solving and team-development skills to achieve business results. This type of training can often occur after the reorganization of the organization and new people working together or perhaps after a merger or acquisition. Some of the reasons for team training include :

- ⇨ Improvement in communication,
- ⇨ Making the workplace more enjoyable,
- ⇨ Team motivation,
- ⇨ Knowing each other,
- ⇨ Getting everyone on the same page, including goal setting,
- ⇨ Learning team self-regulation strategies,
- ⇨ Helping participants know more about themselves (strengths and weaknesses),
- ⇨ Recognizing and using the strengths of team members,
- ⇨ Improvement in team productivity,
- ⇨ Practicing effective cooperation with team members,

Team training can be managed either at home or externally. Practically, through the use of technology, team training does not require people to stay in the same room.

❖ **Management Training :**

After a person has spent time with an organization, they are recognized as a candidate for promotion. When this happens, management training will take place. It may include our soft skills section, such as how to motivate and represent, while other practices may be technical. For example, if management uses a specific computer system to ensure, the manager candidate can be

technically trained. Some management training can be done in-house, while other training, such as leadership skills, can be done externally.

For example, Global IT Solutions and Service Provider Mastek, completes a program called "One Skill One Month", which enables managers to learn skills such as representation, coaching and feedback. The average number of training days per employee in Mastek is 7.8 per employee and includes soft skills issues such as management issues and email etiquette. The purpose of its training programs is to increase productivity, one of the core values of the organization.

❖ **Safety Training :**

Safety training is a type of training that is done to protect employees from work-related accidents. Safety training is especially important for organizations that use chemicals or other types of hazardous materials in their production. Safety training may include evacuation plans, fire drills and workplace violence procedures. Safety training may also include :

- ⇨ Eye safety
- ⇨ First aid
- ⇨ Food service safety
- ⇨ Hearing protection
- ⇨ Asbestos
- ⇨ Construction safety
- ⇨ Hazardous safety

The Occupational Safety and Health Administration, or OSHA, is the main federal agency for the implementation of safety and health regulations in the United States. OSHA provides external training to companies on standards. Sometimes internal training will also cover safety training.

## 7.5 Training Methods :

For small businesses, two broad types of training are available. On-the-job and off-the-job techniques determine what and why to use in the personal circumstances and your training program. There are various training methods, which can be divided into cognitive and behavioral methods. Trainees need to understand the pros and cons of each method, considering their background and skills before giving training to the trainees and its impact.

❖ **Various Training methods are as under :**

➢ **On-the-job training for employees :**

Training is provided when they perform regular jobs. In this way, they do not waste time while learning. A plan is prepared for what should be learned, employees should be informed of the details. Time should be fixed with common evaluation to inform employees about their progress. On-the-job techniques include job instruction training, apprenticeship, internships and helpers, job rotation and coaching.

➢ **Off-the-job techniques :**

Lectures, special studies, films, television conferences or discussions, case studies, role play, simulations, program instructions and laboratory training are included. Most of these techniques are used by small industries, however, some can be very expensive.

➢ **Orientation :**

For new employees, the first few days on the job are decisive in the success of new employees. This is illustrated by the fact that -% of employees do this in the first ten days. Orientation training should focus on the following topics :

⇨ History and mission of the company,

⇨ Key members in the organization,

⇨ Key members of the department and how the department helps fulfill the mission of the company,

⇨ Employee rules and regulation,

Some companies use oral presentations while others write presentations. Many small businesses discuss these topics one-on-one. No matter which method is used, it is important that the newcomers understand their new place of employment.

➢ Training material is presented orally and is used when a large amount of material is presented to many people. It is more cost effective to give a lecture to a group than to train people individually. Lecturing is one-way communication and is not the most effective way to train. In addition, it

is difficult to ensure that all viewers understand a topic at the same level, you can lift some by the average response and lose others. Despite these shortcomings, lecturing is the most cost-effective way to reach a large audience.

- **Role-playing and Simulation :**

  Training techniques that attempt to bring trainees into situations where they have to make real-world decisions. Potential problems and practical solutions are presented for discussion. There is no better trainer than the experience of this type of training. Experienced employees describe the experiences of the real world, and can help and learn in the development of solutions to these simulations. This method is cost effective and is used in marketing and management training.

- **Audio-visual :**

  Audio-visual methods such as television, video tapes and films are the most effective means of providing real-world situations and circumstances in a short period of time. One advantage is that the presentation is the same, no matter how many times it is played. This is not true with lectures, which can change as the speaker changes or is influenced by external limitations. The main disadvantage with the audio-visual method is that it does not allow questions and reactions with the speaker, and it does not allow for changes in the presentation for different viewers.

- **Job Rotation :**

  Involves moving an employee through a series of jobs so that they can gain a good feel for the tasks associated with various jobs. It is commonly used in training for supervisory positions. The employee learns a little about everything. This is a good strategy for small businesses because the employee can be asked to do many jobs.

- **Apprenticeships :**

  Develops employees who can perform various tasks. They generally include some related groups of skilled people who allow apprentices to practice a particular profession. And over a long period of time in which the apprentice works, and with a senior skilled worker, apprenticeship is especially suitable for jobs requiring production skills.

- **Internships and Helpers :**

  Generally a combination of classroom and on-the-job training. They are often used to train potential managers or marketing employees.

- **Programmed Learning :**

  A common feature in computer-assisted instruction and interactive videos is that they allow the trainee to learn at their own pace. In addition, they allow the trainee to follow the material that is being presented, with which the trainee is having difficulty.

## 7.6 Difference between Training and Development :

Employee training and development are an integral part of human resource work and management. Both activities aim to improve the performance and productivity of employees. Training is a program organized by the organization to develop knowledge and skills in employees according to job requirements. In contrast, development is an integrated activity in which the organization's human resources learn and grow. It is a self-assessment regulation.

In training, employees are given specific job-related technical knowledge and skills and focus on improving the abilities of each worker. In contrast, development is an educational process that focuses on the growth and maturity of managerial employees. The following article examines, which shows the difference between training and development in tabular form.

### ❖ Key Differences between Training and Development :

- The main differences between training and development are as follows :
  - ⇨ Training is a learning process for new employees, in which they learn about the key skills required for the job. Development is a training process for current employees for their overall development.
  - ⇨ Training is a short-term process, which is 3 to 6 months, but development is a continuous process, and therefore it is for the long term.
  - ⇨ Training focuses on developing skills and knowledge for current work. In contrast, development focuses on building knowledge, understanding and competencies to meet future challenges.
  - ⇨ Training is a limited opportunity, it is job-oriented. On the other hand, development is career-oriented and therefore its skills are comparatively broader than training.

- ⇨ In training, trainees are trained by the trainer, who guides them during the training. In contrast to development, in which the manager self-directs for future work.
- ⇨ Many people jointly participate in the training program. Development is a self-assessment process and therefore, a person is responsible for their own development.

➢ **Training and Development Regulations :**

This employee training and development policy is ready to be prepared according to the needs of your company and should be considered an initial step to establish your employment policies. Employee training and development policy is also known as staff training and development policy or employee development policy.

➢ **Policy Summary and Objectives :**

Our employee development company policy provides the context for the company's training and development programs and activities.

In today's competitive environment, employees need to refresh their knowledge and acquire new skills to do their jobs better. This will benefit them and the company. We believe in improving their performance and productivity, as well as finding new ways towards personal development and success.

➢ **Scope :**

This policy applies to all permanent, full-time or part-time employees of the company. Employees with work/short-term contracts may receive training based on the authority of their manager.

This policy does not cover employees such as contractors or consultants.

**Policy Elements :**

Employees, managers and Human Resources (HR) must work to establish a culture of continuous professional development (CPD). It is the responsibility of the employee to take advantage of new learning opportunities, it is the responsibility of the manager to identify the employee's team coach and employee development needs, and it is the responsibility of the manager to facilitate any staff development activities and processes.

What do we mean by training and development?

Generally, we approve and encourage the following employee training.

- ⇨ Formal training sessions (personal or corporate)
- ⇨ Employee coaching and guidance
- ⇨ Participation in conferences
- ⇨ On-the-job training
- ⇨ Job rotation

As part of our education and development provisions, we can also arrange for subscriptions or educational materials, so that employees have access to news, articles and other materials that help them to do their jobs better. There are two conditions for this.

- ⇨ The material should be job-related
- ⇨ All related fees should not exceed the limit per person per set.

This summary does not include software licenses or other resources that are essential for employees' jobs.

➢ **Personal Training Programs :**

The company has some provisions for personal training programs. All employees who have been working for the company for more than four months are eligible to participate in external training programs personally or in teams. We will set a budget for each employee at the beginning of the year. Which we will renew annually. Employees can be absent for training for up to 10 days each year.

Employees can choose to attend as many training programs as they wish, provided they do not exceed the budget and time limits. If they do, they will have to use their paid time and pay any additional fees themselves.

Employees may need to provide proof of attendance.

Any employee of the company who is required to train (e.g. due to the inadequacy of an employee's performance or changes in their work description) is not exempt from the training budget and time limits. The company can handle the entire cost

All training should consider what employees need and how they can

learn best, for this reason, we encourage employees and managers to consider many training methods such as workshops, e-learning, lectures and more.

➢ Corporate Training Programs :

We sometimes engage experts to provide training to our employees. In this case, the company will cover the entire cost. Examples of this type of training and development are :

⇨ Equal employment opportunity training

⇨ Diversity training

⇨ Leadership training for managers

⇨ Conflict resolution training for employees

This category includes training conducted by internal experts and managers. Examples are:

⇨ Training for new employees

⇨ Promotion of employees

⇨ Training teams on company-related issues (e.g. new systems or policy changes)

⇨ Preparing for transfer or new responsibilities

Employees will not have to use or use their vacation time for this type of training. Attendance records may be part of the process.

## 7.7 Key Components of the Effective Training Program :

❖ An effective training program involves an eight-step process.

1. **When attempting to launch any new initiative,** security people often fail to fabricate a business case. Companies are in business to make money, and any new program or expenditure needs to be considered in the context of the overall value of the initiative to the business. Developing a formal business case to analyze the benefits of an expenditure or to determine the financial benefits of training is an essential step.

2. **Develop objectives and learning outcomes :**

Objectives and learning outcomes describe what learners will know and be able to do post-training. Learning methods should establish the described standards. Through which the training will be successful.

Training objectives and learning outcomes should be aligned with an employee's competitive profile and, at a higher level, with the organization's executive goals and mission.

**3. Developed material and instructional design**

For any given situation, it is necessary to use the most effective education and training methods. In today's work world, a blend of traditional classroom instruction with asynchronous online learning provides a better, more cost-effective, and accessible solution than traditional classroom instruction. This can be achieved by adding some on-the-job training that utilizes elements of tutoring and coaching, resulting in excellent instructional delivery. Many other delivery methods are available and should be considered, such as videos, video-conferencing, webinars, and other computer-based training tools.

**4. internal sources and external sources**

Training is provided by in-house sources or external consultants. In-house trainers cost less because their salaries are already part of the company's budget. An in-house trainer can also provide more flexibility and bring a better understanding of the issues driving training needs, but external consultants can find more skilled and polished speakers. Using an external source will create "just enough" separation to keep the conversation between the hand and the instructor at the target level in the classroom.

**5. Develop education and training materials**

Education and training materials developed for the curriculum should be carefully aligned with the objectives and learning outcomes. Learning activities need to allow learners the opportunity to apply classroom principles. To be effective, trainers must understand the audience, the company culture, and the history behind the need for the training. It is well established that adult learners learn differently than young students and understanding the challenges of adult education and training will improve the effectiveness of the training.

**6. Transfer knowledge, skills and abilities**

It is essential for the learner to have the opportunity to quickly apply the knowledge and skills gained at the workplace and to demonstrate new abilities. For the program to be successful, it is necessary to identify and remove obstacles that can prevent problems and effective application.

Support programs, which include tutoring and coaching by managers and supervisors, are important. Overall effectiveness will be increased if new skills are supported by a job and strengthening work observation process.

**7. Evaluation**

It is important to evaluate the effectiveness of education and training. Measurement provides the basis, and is faithfully believed, for the business case for which the training was developed. The total cost of training is easy to measure. But it is also important to measure consumption and participant satisfaction. Trainees take post-training tests and can be mapped by demonstrating learned skills and abilities. Observation can also be used to evaluate skill development, and curricula can offer their feedback using evaluation forms. More complex evaluation methods can include achievement indicators such as improved steps in impact, reduced incidents, and loss information.

**8. Continuous Improvements**

The final step in any such process is continuous improvement. Improvements may include adapting and updating education and training materials, adjusting the time allotted for classroom theory and practical workplace training, and accelerating trainer delivery and and messaging. The way in which frequent learning is measured needs to be adjusted over time to enhance the value of measurement outcomes. It is essential to use the findings of the evaluation process to make meaningful changes to objectives and learning outcomes, materials, and instructional design.

Evaluating whether it targets the control means determining whether the training effort was worthwhile and what improvements are needed to make it more effective. Evaluation of training is important because it is necessary to monitor training activities and its activities to establish its social and financial benefits and costs. Within the work setting, training evaluation can help trainers/organizations to learn more about the impact of training. It is important to understand the purpose of evaluation before planning it and choosing methods to do so. Some benefits of using evaluation are difficult to directly attest to, but when done properly, they can positively affect organizations.

Training evaluation is a process of in-depth examination and analysis.

⇨ What principles, goals, or expectations did the participants learn.

Evaluation is a process for determining the effectiveness, efficiency, and impact of activities in light of their objectives. In the evaluation of training and development programs, it is necessary to consider that most training and development activities exist within the larger context of projects, programs, and plans.

"Training evaluation is a systematic process of collecting information for and about a training activity, which can then be used to make decisions and assess the relevance and effectiveness of various training components."

❖ Types of evaluation :

Based on the time outcome, evaluation can be classified as (1) formative evaluation and (2) summative evaluation.

## 7.8 Perforamance Appraisal :

Performance appraisal (PA), is also known as performance review, career development discussion, or employee appraisal. It is a method by which an employee's job performance is documented and evaluated. Performance evaluation to understand an individual's capabilities for further growth and development of employees. Evaluation is generally done systematically, which is as follows :

- Inspectors measure employees' salaries and compare them with goals and plans.
- To maintain and evaluate the potential presence in an individual for further growth and development.
- For inspectors to give feedback on their work and related situation.
- To place employees in suitable jobs based on their qualifications and weaknesses.
- To put employees in the right job according to their qualifications and weaknesses.
- The supervisor analyzes the factors behind the performance of employees.
- Employers are transferred to provide guidance for better performance to employees.

- Maintain records to determine salary packages, salary structures, salary increases, etc
- Training and development play a significant role in the effectiveness of organizations and the experiences of people in the workforce. Training has implications for productivity, health, and safety, both for the individual's work and personal development. Investment in training and development helps acquire and retain talent and resources

❖ **Exercise :**

**Q-1 Long Questions :**

1. What is training? Clarify its concept and describe its objectives.
2. Define training and describe its types.
3. What is training? Describe its methods.
4. Define training and describe the difference between training and development.
5. Explain the meaning of training and the key components for effective training.
6. What is performance appraisal ?

**Q-2 Short note :**

1. What is The technical Training ?
2. What is skill training?
3. What is professional communication training and legal training?
4. What is training?
5. What is managerial training?
6. What is on-the-job training for employees?

**Q-3 MCQ :**

1. The main purpose of training is to :_____.

   A) Increase production costs

   B) Improve employee knowledge, skills, and performance

   C) Replace old employees

   D) Reduce employee benefits

   **Answer : B**

2. Training is primarily concerned with :_____.

   A) Future-oriented learning

   B) Current job performance

   C) Social welfare activities

   D) Long-term career planning

   **Answer : B**

3. Development focuses mainly on : _____.

   A) Improving current job skills

   B) Preparing employees for future roles and responsibilities

   C) Reducing staff strength

   D) Conducting job evaluations

   **Answer : B**

4. Which of the following is not a training objective?

   A) Improving efficiency

   B) Increasing absenteeism

   C) Reducing accidents

   D) Enhancing quality of work

   **Answer : B**

5. Training needs are identified through : _____.

   A) Job analysis

   B) Market survey

   C) Advertising campaigns

   D) Employee gossip

   **Answer : A**

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# Unit : 8
# Human Resource Job Evaluation

**8.1 Introduction**

**8.2 Concept , Meaning and Definition of Job Evaluation**

**8.3 Methods of Job Evaluation**

**8.4 Wage Determination and Salary Determination**

**8.5 Basic Principles of Wage and Salary Administration**

**8.6 Factors Affecting Wage and Salary Administration**

**8.7 Characteristics of an Ideal Wage System**

**8.8 Wage and Salary Systems**

**8.9 Concept of Base pay Variable pay, Beautiful and Allowances**

- **Exercise**

## 8.1 Introduction

Job evaluation evolved from civil service classification practices and some early employer job and wage classification systems. Formal job evaluation began with the United States Civil Service Commission in 1871 or with Frederick W. Taylor in 1881, it is now over 120 years old and still valuable. The first point system was developed in 1920. Labor organizations have contributed greatly to the development of fixed plans. The spread of unionism has influenced the establishment of job evaluation, as employers have focused on central pay structures, because union unity is essential. During World War II, the National War Labor Board encouraged the expansion of job evaluation as a method to reduce wage inequality.

It became clear that organizations were emphasizing the need for a rational method of paying larger and more employees. Wage structures had become more complex and there was a need to bring order to the chaos caused by supervisors setting pay rates for their own employees, and job evaluation became a large part of the answer. During this period, by the end of the 1950s, job evaluation techniques and processes had been developed and perfected.

With the advent of the civil rights movement, job evaluation was written into statutory law. The Equal Pay Act of 1963 required job evaluation to determine whether jobs were equal in terms of skill, effort, and responsibility. A 1979 study of job evaluation was conducted by the National Research Council under contract from the Equal Employment Opportunity Commission, as a potential source and/

or solution to gender discrimination in pay. The study suggested that jobs predominantly held by women and minorities may be undervalued. This type of discrimination resulted from the compensatory factors used for different employee groups, the weights given to the factors, and the customs associated with the job, leading to the use of different plans for different employees. While the initial report did not take a stand on job evaluation, the final report concluded that job evaluation has some potential to address problems of discrimination.

## 8.2 Concept Meaning and Definition of Job Evaluation

❖ **Concept :**

Job evaluation involves the relative assessment of each job for the purpose of establishing wage and salary differentials. The relative worth is primarily determined on the basis of job description and job specification. Job evaluation helps in determining wage and salary grades for all jobs. Employees need to be compensated based on the grade of their jobs. Remuneration should be based on the relative worth of each job. Disregard of this basic principle can adversely affect employee morale due to unequal compensation and recognition. The perception of injustice is a sure way to demotivate an employee.

❖ **Meaning :**

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

❖ **Definitions :**

**(1) In the words of Edwin B. Flippo** "Job evaluation is a systematic process of determining the worth of a job in relation to other jobs."

**(2) According to Kimball and Kimball Junior "**Job evaluation presents an attempt to determine the relative worth of each job in a plant and to determine what is the proper basic wage for such a job."

**(3) According to Bethel,** "The term 'individual' is particularly significant in both its specific and inherited meanings in job evaluation. It means that job rating or the classification of occupations, generally refers to the entire field of salary and salary administration with modern lines."

**(4) According to the International Labour Organization** "Job evaluation can be defined as an attempt to determine and compare the demands made by a particular career's general performance on general employees, without considering the individual capabilities or performance of the employees."

(5) **In the words of Dale Yoder** "Job evaluation is a practice that provides certainty in measuring the comparative value of jobs within an organization and similar institutions."

(6) **According to the Bureau of Labor Statistics** "Job evaluation is the evaluation or rating of a job to determine its position in the job hierarchy. Evaluation can be achieved by the assigned work or by using any other systematic rating method for the required job requirements. Skill, experience, and responsibility."

## 8.3 Methods of Job Evaluation :

The purpose of job evaluation is to determine which job earns more salary than others. Some methods such as job ranking, job grading, and factor comparison are active in job evaluation. Research suggests, however, that each method is specific and reliable as a rank because other rankings and prices are different jobs. Job evaluation forms the basis for wage and salary negotiations. After the preparation of job description as well as job analysis, the essential stage of job evaluation comes. That is, a systematic comparison of jobs to establish a job system, the methods used are generally one of **two main categories: Non-analytical or non-quantitative or brief methods and Analytical or quantitative methods**

❖ **Non-analytical or non-quantitative methods :-**

(1) Job Ranking Method

(2) Job Classification or Grading

❖ **Analytical or quantitative methods :-**

(1) Factor Comparison

(2) Point Rating or Evaluation

❖ **Non-analytical or non-quantitative methods :-**

**(1) Job Ranking Method :**

This is a simple and inexpensive job evaluation method. In which jobs in an organization are compared based on their importance, with the lowest and highest ranks. In this method, the overall job is compared with another set of jobs and then it is given a rank based on its content and complexity.Here, the overall analysis of the job is done, not separately in job factors. The main advantage of the ranking method is that it is easy to understand and less expensive. However, it is not free from limitations, it is subjective in nature, which causes resentment among employees and it is also not effective in the case of large organizations.

**(2) Job Classification or Grading :-**

Under this method, job grades or classes are predetermined and then each job is assigned and evaluated accordingly. For example, Class-1 includes people at the executive level, under which sub-classification is done based on job roles such as office manager, department manager, departmental supervisor, etcThe advantage of this method is that it is less subjective compared to the ranking method and is acceptable to employees, and also, the overall job is compared with other jobs and not separated into factors. The main limitation of this method is that jobs can be different considering their content and complexity, and putting all under one category can result in an estimated or inadequate outcome.

❖ **Analytical or quantitative methods :-**

**(1) Factor Comparison :-**

Under this method, the job is evaluated, and a rank is given based on several factors, such as mental effort, physical effort, required supervision responsibilities, working conditions, and other related factors. These factors are kept consistent for each set of employment. In this way, each job is compared with each other on this basis and ranked accordingly. The advantage of this method is that it is consistent and less subjective, hence it is appreciated by all. However, it is the most complex and expensive method.

**(2) Point Rating or Evaluation :**

Under this method, the main factor of each job is identified and then sub-factors are determined. These sub-factors are then assigned points based on their importance. For example, the main factor for doing a job is skill, and then it can be classified into sub-factors such as required training, communication skills, social skills, understanding skills, etc

The point rating method is less subjective and free from error because it views the job from all perspectives. However, it is a complex method and time-consuming because points and pay scales have to be determined for each factor and sub-factor.

## 8.4 Wage Determination and Salary Determination :

While the purpose of wage and salary administration is simple, its process is not simple. In fact, it is complex, especially because a fair wage is a relative term if viewed differently by various parties.

For example, while an employer will primarily be concerned with productivity, an employee's concern will be the wage rate that can offset the effects of inflation.

Based on Belcher's classification of compensation management, for the purpose of our analysis, two broad components of wage and salary administration are considered :

(1) Determining wages and salaries and

(2) Determining wage/salary structures

❖ **The explanation of each are as follows :**

**(1) Determining Wages and Salaries :**

The initial point of wage and salary administration is the determination of wage and salary levels. In India's organized sector, an employee's wage/salary is determined by various factors. All these factors are classified into four categories :

1. Wage Acts (both Central and State Governments)
2. Prevailing wage rates
3. Influence of trade unions
4. Corporate philosophy on wages

**(2) Determining Wage/Salary Structures :**

A simple way to formulate a wage/salary structure is shown below :

1. Each pay structure is covered based on market rate surveys and studies of current pay structures.
2. Based on the above survey, a pay grade structure is determined between the lower, limited, and upper with the width of the pay period according to the size between jobs and various grades.
3. This job can be evaluated by any method by performing job evaluation. However, job evaluation can be better done by a simple ranking scheme.
4. Make purchases keeping in mind the information available in the market so that the possibility of a range of market rates existing in the labor market can be seen.
5. Finally, it manages all jobs in a grade in a systematic order based on the results of job evaluation and market rate surveys and studies. In fact, it is a platform where a good decision is necessary.

## 8.5 Fundamental Principles of Wage and Salary Management

There are three fundamental principles governing wage and salary management :

**1. External Equity**

**2. Internal Equity**

### 3. Individual Value

#### 1. External Equity :

This principle states that external factors/variables of an organization affect the organization's compensation levels. These variables are demand and supply of labor, market rate, etc If these variables are not taken into account when determining wage and salary levels, it may be insufficient to attract and retain employees in the organization. The principles of external equity ensure that the job is compensated comparably to similar jobs in the labor market.

#### 2. Internal Equity :

Organizations have various jobs, which are related to different values. In other words," "The values of various jobs in the market are comparative. In your own department, teachers' pay varies according to differences. The relative value of this job is determined by job evaluation. In this way, an ideal compensation system should establish and maintain appropriate methods based on the related values of jobs. In other words, the compensation system ensures that more difficult jobs should be paid more.

#### 3. Individual Value :

According to this principle, an individual should be paid according to their performance. Thus, the compensation system, as far as possible, supports rewarding individuals based on their contributions to the organization. Alternatively, this principle ensures that each individual's salary is reasonable compared to others in other/similar jobs. That is, equal pay for equal work, in amount and substance, in a sound compensation system should cover factors such as adequacy of pay, social balance, supply and demand, fair comparison, equal pay for equal work, and work measurement.

#### 4. Other Principles :

1) Wage and salary plans and policies should be sufficiently flexible.
2) Job evaluation should be done scientifically.
3) The wage and salary administration plan should be consistent with overall institutional plans and programs.
4) Wage and salary administration plans and programs should be in line with the social and economic objectives of the country, such as achieving equality in income distribution and controlling inflationary trends.

5) Wage and salary administration plans and programs should be responsive to changing local and national conditions. Plans and other administrative processes should be expedited.

## 8.6 Factors Affecting Wage and Salary Administration :

Lantham has listed the following five factors that influence the determination of wage/salary levels.

1. **Cost of living**
2. **Productivity**
3. **Prevailing wage rates**
4. **Ability to pay**
5. **Attracting and retaining employees**

### 1. Cost of living :

A worker needs adequate compensation to maintain an acceptable standard of living so that they can afford good housing. The concepts of 'minimum wage' are based on this very support. However, due to the increasing cost of living caused by inflation, it becomes necessary to provide a fixed salary to maintain the required standard of living.Thus, the amount of compensation is determined as the cost of living increases. The amount of living expenses should be compensated by increasing the dearness allowance based on the cost of living index.

### 2. Productivity :

Productivity can be expressed as output in relation to a unit of time. Productivity increases production and reduces costs. According to the principle of payment by worker performance productivity, a higher wage/ salary rate will be higher; conversely, if the worker's productivity is low, the wage/salary rate will be lower. Thus, any change in productivity affects the worker's wage level.It is important to note here that an increase in productivity is not solely due to worker efforts; it can also be due to good organization and management, technological development, etc The employer needs to distribute the results of available productivity in profits. If there is any productivity index that can only measure good productivity in a way that is acceptable to employees, managers, and customers. Despite a specific factor, including the worker, being a theoretically sound measure, applying it is a complex process.

### 3. Prevailing wage rates :

To attract and retain employees in an organization, wage/salary rates are determined according to the prevailing rates in the country. This is called the wage rate, which is the most commonly used criterion for

wage/salary allocation. Thus, prevailing wage rates are based on inter-firm wage comparisons.There can be many reasons for this. For example, various government laws and judicial decisions accept uniform wage rates. These rules accept and encourage equal pay for equal work in these industries. All companies operating in the industry are required to have employees with the same or similar skills and experience. However, if employees are not paid the salaries paid by other organizations (competitors), it will be difficult for the organization to attract and retain employees in sufficient quantity and quality.

4. **Ability to pay :**

This criterion for determining wages/salaries is based on different decisions. "Cut your coat according to your cloth." Following this, organizations fix wages that they can afford to pay. The reason for the increasing cost of wages is that it can determine wages based on the unit's capacity, which may not enable the organization to sustain itself in a competitive environment for a long time. The cost of such salaries will not only be recorded at the unit's expense in the long run, but it will also lead to a decrease in market share. In such cases, the organization resorts to cutting costs, which can affect wage and salary levels. It is primarily the ability to pay criterion; organizations that earn more profit pay higher wages, while those with less profit or incurring losses pay lower wages. The difference in wages between organizations is for the same reason, meaning the ability to pay also varies.

5. **Attracting and retaining employees :**

Organizations employ good employees according to quantity and quality, which also determines salaries. For example, if an organization needs quality people to employ and retain, wages/salaries will be set at a high level. If job availability is low, the salary and wage level will remain low. The wage level may even be lower than the prevailing wage rate if the company's financial situation is such that it cannot afford to pay the prevailing wage rate in the industry or country.

## 8.7 Characteristics of an Ideal Wage System

Wages are paid to laborers as compensation for their labor and services. Several systems of remuneration have been established to meet the needs of both employees and employers. The efforts made by workers largely depend on the proportion of their remuneration. In this way, the wage system can be managed very well. A system that increases production and provides fair compensation to workers while reducing the labor cost per unit will be most appropriate. In other

words, the wage system should be such that it increases efficiency and satisfies workers. The purpose of the wage system should be to offer fair wages. Fair wages are wages earned by employees doing similar work and possessing similar skills.

❖ An ideal system of wage payment should have the following characteristics :

**(i) Simplicity:** The wage system should be simple to understand and operate. A complex system can lead workers to agitation and can be an obstacle to innocent employer-employee relations.

**(ii) Fair to Employer and Employee:** The wage system should be satisfactory from the perspective of both the employer and the employees. In other words, the compensation received by the employee should be fair, and the employer should incur a lower cost per unit.

**(iii) Minimum Wage Guarantee:** The employer should guarantee a minimum wage to every employee.

**(iv) Incentive for Work:** The employer should provide sufficient incentives for employees to work hard with great care. Efficient employees should be able to earn more wages compared to inefficient employees.

**(v) Quality Production:** The employer should encourage workers not only to increase the quantity of production but also to improve the quality of production.

**(vi) Certainty:** There should be no element of uncertainty or ambiguity in the employer.

**(vii) Distinction between Skilled and Unskilled Workers:** The employer should differentiate between skilled and unskilled employees. Skilled workers should be compensated for the efforts they have made to acquire skills.

**(viii) Uniformity:** There should be uniformity in every local industry.

**(ix) Conformity with Local and National Labor Laws:** There should be conformity with various labor laws and regulations at both local and national levels.

**(x) Minimization of Labor Turnover:** The employer should reduce the labor turnover rate, employee absenteeism, and the rate of late arrivals at work.

**(xi) Provision for Price Fluctuations:** The employer should definitely make provisions for an automatic increase in wages as the cost of living index rises.

**(xii) Flexibility:** The employer should incorporate flexibility to manage changing business conditions.

## 8.8 Wage and Salary Systems

The main objective of a formal wage and salary management plan is to ensure a systematic method of payment that provides employees with fair wages and salaries for the work they have done. There are mainly two methods for paying wages and salaries :

**(1) Time-based:** In this method, wages are calculated based on a unit of time; it is common for workers to be paid by the day, and a day's work is accepted.

$H \times R = W$

Where:

H = Hours actually worked

R = Rate per hour in Rs.

W = Total wages earned

❖ Payment based on periodic work is more satisfactory under the following conditions :

(1) There is very little or no control over how much work an employee does.

(2) There is no clear relationship between the effort made to produce work and the amount of work produced.

(3) Delays in work often occur and are beyond the employee's control.

(4) The quality of work is very important.

(5) Units of produced work cannot be separated and measured.

**(2) Piece-rate wage distribution based on work done :**

An employee earns by the amount of work produced or works on related factors. For example, the quality of work, this method of paying wages is called an incentive wage scheme. The most common incentive scheme is called piece-rate work. The piece-rate wage is determined by the number of piece values, which is called the piece rate.

$N \times U = W$

where

N = Number of units produced

U = Rate per unit in Rs.

W = Wages received per day or per week

Payment by piece-rate wages is satisfactory under the following conditions:

(1) When the completed work unit is easily measured.

(2) When there is a clear relationship between the efforts of the workers and the results of their efforts.

(3) When the quality of work is less important than the quantity, or when quality standards are uniform and measurable.

(4) When the workflow is regular. Breakdowns are few and jobs follow a standardized process with minimal disruptions.

❖ Other information related to wages and Labor

- Blue-collar - Manual laborers
- White-collar - Office workers
- Pink-collar - Jobs associated with women such as nursing, secretarial, etc

❖ **Labor Grade**

- **Skilled labour** - These are employees who have received specific training to perform their jobs. They have developed and acquired special skills and may or may not require a license or certificate from the state.
- **Unskilled labour** - These are employees who have not received any special training and have few specific skills.
- **Professionals** - A select class of wage laborers, these are workers who require a prior degree to perform their jobs.

(i) **Time-based individual incentive schemes are as follows :**

(A) Halsey Plan

(B) Rowan Plan

(C) Emerson Plan

(D) Bedaux Plan

**(A) Halsey Plan :**

Under the Halsey Plan, every employee is guaranteed a minimum wage. A standard time is set for employees. If employees complete the work before the standard time, they are given a bonus. But if they fail to do so, they are penalized.

Total Wages (W) = T x R + 50% (S - T) x R

Standard Time (S) = 15 hours

Time Taken (T) = 10 hours

Wage Rate (R) = 10 per hour

Bonus = 50% of saved time wages

Wages = 10 x 10 + 50% x (15 - 10) x 10 = 125

**(B) Rowan Plan :**

It is a variation of the Halsey Plan. It guarantees a minimum wage and does not penalize slow employees. Standard time is fixed and a bonus is paid based on the time saved.

Total Wages (W) = T x R + [T x R x Saved Time / Standard Time]

Standard Time (S) = 15 hours

Time Taken (T) = 10 hours

Wage Rate (R) = 10 per hour

Bonus (P) = Saved Time / Standard Time

Wages = 10 x 10 + [10 x 10 x 5 / 15] = 133.33

**(C) Emerson Plan :**

In this plan, the efficiency of the board is guaranteed by guaranteeing a minimum wage. It is measured based on a comparison of actual performance with improved standards. Under this method, if the efficiency is 100%, a bonus of 20% will be paid, and if the efficiency is more than 100%, a bonus of 30% will be paid. Thus, efficient workers will be rewarded at an increasing rate with an increase in saved time.

**(D) Bedaux Plan:**

According to this plan, a minute is a unit of time described as a standard minute. The standard time for each job is B, and B is expressed in terms of motion and improved after time and motion studies. The standard time for a job is the number of B's allowed to complete it.The bonus paid to the worker is kept for 75% of the salary period. The remaining 25% goes to the foreman.

Standard Time (S) = 360 of B (6 hours x 60 minutes)

Actual Time (T) = 300 of B (5 hours x 60 minutes)

Wage Rate (R) = Rs.10 per hour

Time Saved = 360 - 300 / 60 x 10

= 10

Total Wage (W) = S x R + 75% of Time Saved

= 6 x 10 + 10 x 75%

= 67.5

The above payment methods are time-based, while productivity-based wage payment methods are discussed below :

**(3) Production-based individual incentive schemes are :**

Under a production-based incentive scheme, a standard production is fixed and workers are paid based on production. They are given incentives if they produce more units than the standard improved. It includes.

(A) Taylor Plan

(B) Merrick Plan

(C) Gantt Plan

**(A) Taylor's Differential Piece Rate Plan :**

In this plan, Taylor does not give a minimum guarantee to each worker. According to his statement, it is possible to calculate the standard workload for each employee based on time and motion studies. He gave two piece rates for workers. A lower rate for average and less efficient employees who produce less than standard production and a higher rate for above average or efficient workers. Therefore, efficient workers are paid more than inexperienced employees.

Standard Production = 40 units in a day

Wage Rate = between 60 to 70

If a worker produces 40 units in a day, he will be paid 40 x 70 = 280.

If a worker produces 30 units in a day, he will be paid 30 x 60 = 180.

Because those who give standard output or more will be paid Rs.70 and the rest will be paid only 60.

Thus, in this method, inefficient workers are penalized. Workers are treated like machines and there is no guarantee of minimum wage in this method.

**(B) Merrick's Multiple Piece Rate :**

Under this plan, there are three grades of piece rates rather than two, compared to the plan given by Taylor.

Employees producing less than 83% are paid the basic piece rate.

Workers who produce between 83% and 100% are paid 110% of the basic piece rate.

Workers producing more than 110% are paid 120% of the basic payment.

Thus, this system is an improvement on Taylor's plans. But this system also will not give minimum wage to workers. All workers producing between 1% and 82% of standard output are considered equal and paid at the same piece rate.

**(C) Gantt Bonus Plan :**

Under this method, a minimum wage is guaranteed. If a worker fails to complete the task within the standard time, he receives wages only for the actual time at a fixed rate. But if he completes the task within time, he receives additional wages.

Standard Time = 10 hours

Rate = Rs. 8 per hour

Bonus = 25% of standard time

If a worker completes his job within 8 hours, he will get Rs.80 + 25% of the day's wage, which means Rs.80 × 25%, which means a total of Rs.80 + 20 = 100, i.e., he will get a bonus for 8 hours of work.

## 8.9 Concept of Base pay, Variable Pay, Benefits and Allowances :

### 1. Base Pay

This is the **Fixed amount** an employee earns for their role.

- ⇨ Paid regularly (monthly/bi-weekly)
- ⇨ Does **not** depend on performance or bonuses
- ⇨ Forms the foundation for other pay components

❖ **Examples :**

- ⇨ Basic salary
- ⇨ Hourly wage
- ⇨ Fixed monthly pay

**2. Variable Pay**

This is **Performance-Linked compensation** that can change.

- ⇨ Depends on individual, team, or company performance
- ⇨ Not guaranteed
- ⇨ Often used to motivate and reward results

❖ **Examples :**

- ⇨ Performance bonuses
- ⇨ Sales commissions
- ⇨ Incentives
- ⇨ Profit-sharing
- ⇨ Annual/quarterly bonuses

**3. Benefits :**

These are non-cash rewards provided by the employer.

- ⇨ Improve employee well-being and retention
- ⇨ May be statutory (mondatory) or optional

❖ **Examples :**

- ⇨ Health insurance
- ⇨ Retirement / pension plans
- ⇨ Paid leave (annual, sick, parental)
- ⇨ Life insurance
- ⇨ Employee wellness programs

**4. Allowances**

These are **additional payments** to cover specific expenses.

- ⇨ Often fixed or reimbursable
- ⇨ May be taxable or non-taxable (depends on local law)

❖ **Examples :**

- ⇨ House rent allowance (HRA)
- ⇨ Travel Allowance

- ⇨ Meal Allowance
- ⇨ Telephone / Internet allowance
- ⇨ Education allowance

## ❖ Exercise :

**Q-1 Long Questions :**

1. Describe the concept of job evaluation and the methods of job evaluation.
2. What is wage determination and salary determination? Give detailed information.
3. Explain in detail the fundamental principles of wage and salary administration.
4. Describe the factors affecting wage and salary administration.
5. Describe in detail the characteristics of an ideal wage system.
6. What are wage and salary systems? Provide detailed information.

**Q-2 Short note :**

1. What is the job ranking method?
2. What is job classification or grading?
3. Provide brief information about analytical or quantitative methods.
4. Provide brief information about time-based individual incentive schemes.
5. What is the Rowan plan?

**Q-3 MCQ :**

1) Job evaluation ensures :_____.

A) Equal pay for equal work

B) Unequal pay for different jobs

C) Pay based on personal bias

D) Pay based on seniority only

**Answer : A**

2) Training is primarily concerned with :_____

A) Future-oriented learning

B) Current job performance

C) Social welfare activities

D) Long-term career planning

**Answer : B**

3) Job analysis provides the basic information required for :_____

A) Job evaluation

B) Sales forecasting

C) Market analysis

D) Product development

**Answer : A**

4) Job evaluation is carried out to evaluate :_____

A) The person doing the job

B) The job itself

C) The department

D) The organization's financial position

**Answer : B**

5) Which of the following is not an objective of job evaluation?

A) Eliminating pay inequalities

B) Determining job hierarchy

C) Measuring employee performance

D) Establishing fair wage rates

**Answer : C**

6) Job evaluation is mainly concerned with :_____

A) Evaluating employee performance

B) Determining the relative worth of jobs in an organization

C) Recruiting new employees

D) Measuring employee satisfaction

**Answer : B**

7) The primary objective of job evaluation is to:_____

A) Fix wages based on job worth

B) Improve employee discipline

C) Increase employee turnover

D) Plan marketing strategies

**Answer : A**

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**BBA SEMESTER-4**

**Human Resource Management**

**BLOCK: 3**

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# Unit : 9
# Incentives and Performance Based Payments

**9.1 Introduction**

**9.2 Nature of Incentive Payments**

**9.3 Prerequisites for Effective Incentive Payments**

**9.4 Scope of Incentive Schemes**

**9.5 Types of Incentive Schemes**

- **Exercise**

## 9.1 Introduction

Employees need motivation, activeness, inspiration, and productivity to perform their work.To provide motivation for the tasks assigned to employees, to make them more active towards work, and to increase their productivity, an additional amount is paid beyond their compensation linked to their performance, which is known as incentive pay. According to the National Commission on Labour, "Incentive pay is an additional financial motivation. An incentive pay scheme is designed to activate human efforts by rewarding them, in addition to time-related remuneration, with the aim of improving current or targeted results."

Incentive payments are based on the efficiency of employees. Employee efficiency is determined by comparing actual performance with standard performance. Along with employee motivation, incentive pay also proves beneficial for reducing costs, reducing supervision or inspection, and reducing losses. Despite being beneficial, incentive pay can also be detrimental to employee health and inversely affect the quality of products.

Designing, introducing, and implementing incentive pay schemes is difficult. Therefore, planned organization and appropriate safety measures are necessary to overcome the problems associated with incentive pay schemes. To make an incentive pay scheme ideal, it should have essential characteristics such as a suitable environment, employee involvement, scientific standards, guaranteed minimum wage, simplicity, fairness, economy, and ease of implementation.

## 9.2 Nature of Incentive Payments

Incentive pay is a financial benefit given to recognize exceptional performance by an employee. It is popularly known as variable pay. Incentive pay is defined as "a variable reward granted according to the achievement of various specific results."

The International Labour Organization recognizes incentive payments as "results-oriented pay." To achieve the objectives of increased production and productivity, it is necessary to motivate employees, and therefore, incentive pay is given to them, which is also considered as "the practice of incentive pay." Thus, incentive payments are implemented by business units in both forms: "results-oriented pay" and "the practice of incentive pay." Salaries and wages tend to remain stable, whereas incentive pay varies not only from one employee to another but also for the same employee at different times. Thus, incentive pay is based on the variety of performance rendered by the employee and therefore has the nature of a variable reward.

## 9.3 Prerequisites for Effective Incentive Payments

The "results-oriented pay" system provides various benefits to many units and industries, especially large organizations. To derive maximum benefits from the proper planning and effective implementation of the incentive payment system, sufficient precautionary measures must be taken so that incentive payments remain effective. Units must create a suitable environment and scientific standards. Employees must also be motivated to take advantage of incentive payments. For this, it is necessary to develop an incentive payment system that possesses characteristics such as guaranteed minimum wage, simplicity, prompt payment, and fairness for employees. Thus, the following prerequisites are necessary to make incentive payments effective.

1. **Employee Cooperation:** Employee cooperation is indispensable for the effective implementation of an incentive payment scheme. To obtain their full cooperation, their representatives or their organizations are engaged in discussions to explain the incentive payment plan and the benefits employees will receive from the plan. The following issues are covered in discussions with employees :

   - ⇨ Methods for determining incentive payment calculations based on production.
   - ⇨ Methods for setting wage rates for different categories of work.
   - ⇨ Appropriate precautionary measures related to the resolution of disputes concerning earnings, job security, work-wage rates, and allocated time.

   Employee cooperation and contribution are essential for creating an effective incentive payment plan. Otherwise, employees may deliberately create obstacles to skillfully disregard and not implement the plan, resulting in the plan being abandoned.

2. **Based on Scientific Standards:** The incentive payment plan should be based on scientific standards. These standards need to be developed based on scientific studies so that there is no bias or prejudice against any employee. The developed scientific standards must be realistic so that employees are motivated to perform well. To achieve these scientific standards, employees should be provided with necessary facilities, e.g., tools, equipment, raw materials, etc

3. **Indirect Employees:** Along with direct employees, indirect employees are also covered under incentive payment plans. Such employees generally provide services to ensure the smooth functioning of production and administrative tasks, e.g., inspectors, foremen, assistants, crane operators, canteen staff, storekeepers, clerical staff, etc

4. **Management Commitment:** An effective incentive payment plan depends on the time and cost commitment of the management for its proper operation. Before starting incentive payment plans, it is very important to carefully assess the management's commitment to the plan. This ensures that the benefits received from the plan outweigh the time, cost, and efforts invested by the management. Often, the potential benefits or results from an incentive payment plan may be less than the invested cost and efforts. Even in such adverse circumstances, if the management's commitment and integrity towards the incentive payment plan are maintained, the employees' trust remains intact, and the effectiveness of the plan is also preserved.

5. **Planning:** Proper planning is very essential for effectively implementing an incentive payment plan. If an incentive payment plan is carelessly planned, hastily started, and indifferently implemented, it tends to fail, and instead of resolving problems, it creates more problems. For this reason, careful preparation is necessary for implementing an incentive payment plan.

6. **Consistent with Job Type and Employee:** An incentive payment plan must be consistent with the job type and the employee to be effective. The reward must be clearly and meticulously linked to the efforts of the employee or employee group. Employees or employee groups should be able to consider their rewards based on the production they achieve. Thus, employees must have reasonable control over the production they achieve and the rewards they receive from it. The plan should be comprehensive, meaning it should provide equal opportunities to all types of employees without discrimination, to prevent dissatisfaction, envy, or mutual animosity among employees.

7. **Simple and Clear Incentive Payment Plan:** The incentive payment plan must be simple and clear so that employees can easily understand the plan, calculate their earnings, and be motivated to effectively implement the plan and emloyees can be permanently maintained for a long time. If the plan is complex and unclear, doubts and distrust arise in the minds of employees so Incentive payment plan should be simple and clear.

8. **Provisions:** It is necessary to make provisions for the amount to be paid under the incentive payment scheme. It is also necessary to make provisions to deal with changes in the rates of the incentive payment scheme during specific circumstances. If adequate provisions are made for the scheme, the time gap between actual performance and incentive payment remains very short, thus enabling employees to be motivated to take maximum advantage of the incentive payment scheme.

9. **Review:** The incentive payment scheme should be reviewed periodically. If there are any flaws in the scheme, if it is too expensive, or if there is dissatisfaction among employees, then it should be made more effective by making necessary changes or improvements to make it universally acceptable.

## 9.4 Scope of Incentive Schemes

The incentive payment scheme is generally universal, meaning it can be implemented in all industries. This scheme is being successfully implemented in the textile industry, steel (iron-steel) industry, mining industry, leather and rubber industry. In some circumstances, such schemes have also been successfully and effectively implemented in the construction industry, chemical industry, and some other industries, but its implementation remains limited to certain important industries. In other words, the implementation of such schemes becomes difficult in industries with the following characteristics.

1. **Difficulty in measuring performance:** In many industries, it is difficult or almost impossible to measure the performance or output of an employee or group of employees. Therefore, an incentive payment scheme cannot be implemented, because incentive payments are generally calculated based on the performance or output of an employee or group of employees. The difficulty in measuring performance or output can be due to technical considerations or psychological circumstances, as these difficulties are inherently biased with performance or output.

2. **Quality Control:** In industries where quality control is extremely necessary, an incentive payment scheme cannot be implemented. For employees whose

work requires high quality or precision, an incentive payment scheme cannot be implemented. The incentive payment scheme should be comprehensive, covering all types of employees and employee groups.

3. **Risky Work:** In industries where the work performed by employees is extremely risky or dangerous, an incentive payment scheme cannot be implemented. In such industries, it also becomes difficult to ensure compliance with adequate safety measures, and therefore, it becomes almost impossible to measure the performance or output of employees, and thus an incentive payment scheme cannot be implemented.

An incentive payment scheme can only be successfully implemented when the industry has the following characteristics, meaning the scope of such a scheme remains limited to industries with the following characteristics.

1. **Large Companies:** Incentive payment schemes can be implemented very successfully in large companies. Such companies can reliably set up an effective system for production, quality, and performance measurement, and it is also affordable for them to hire the necessary administrative and engineering staff. Small companies can also avail the services of experts to formulate incentive payment schemes and can prepare and implement appropriate and effective schemes to reap their benefits.
2. **Labor-intensive Industries:** In industries where production occurs through labor-intensive production processes, it is more desirable to implement an incentive payment scheme. In such industries, there is a need for more production to meet orders.To further motivate employees, the implementation of an incentive payment scheme proves to be more effective. In industries with automated plants and machinery, the implementation of such schemes is questionable.
3. **Old units:** It is not desirable for newly established units to implement an incentive payment scheme because in the initial years, newly established units need to strengthen their position in the market, and therefore, more emphasis should be placed on the quality of goods or products. Inferior quality of goods cannot help newly established units establish their position in the market. From the employees' perspective, it is more desirable for employees to be satisfied with time-based earnings in the initial years.

## 9.5 Types of Incentive Schemes :

There are many incentive payment schemes, and they also have variety. Such schemes can be divided into different types. The International Labour

Organization has divided such schemes into five types.

1. Schemes under which an employee's earnings change in direct proportion to the work performed by the employee.
2. Schemes under which an employee's earnings change in less proportion than the work performed by the employee.
3. Schemes under which an employee's earnings change in more proportion than the work performed by the employee.
4. Schemes under which an employee's earnings are different at different levels of work performed by the employee.
5. Group bonus scheme.

**1. Schemes under which earnings change in direct proportion to work :**

Under this scheme, the earnings received by an employee are based on the work performed by the employee. The success of such a scheme depends on the accurate measurement of the work performed by the employee and the standard work. Dissatisfaction among inaccurate employees makes the scheme unsuccessful. If an employee is paid based on the work performed by them, then they receive profit or loss in direct proportion to the change in the work performed by them, and if an employee is paid per hour, day, or month, then the owner receives profit or loss in direct proportion to the change in the work performed by them. Thus, in this category, two very well-known schemes as follows are included.

1. Straight piece-rate system
2. Standard hour system

**1. Straight piece-rate system :** The straight piece-rate system is a very simple, old, and commonly used method. In this method, the per-unit rate of work is fixed, and to determine the total earnings, the work (production) performed by the employee is multiplied by the per-unit rate of work. Thus, according to this method, the total earnings of an employee are based on the work performed by the employee.

For example, Per-unit rate of work = Rs. 10

Production = 10 units

Total earnings of employee = 10 units × Rs. 10 = Rs. 100

Thus, the employee's earnings are based on the production performed by them. If more production, then more earnings; if less production,

then less earnings; if no production, then no earnings. Therefore, to protect the employee's interests, an improvement in this method became necessary, and accordingly, the employee was guaranteed time wages. In normal circumstances, the time wage rate is kept lower than the earnings of the piece-rate system. This ensures the employee's minimum earnings and thus protects them in situations of lower earnings due to reasons beyond the employee's control.

2. **Standard hour system :** The standard hour system is also called the 100% profit-sharing system. According to this method, the standard time to complete a task, the standard hour, is determined, and then the per-hour rate is determined. If an employee completes their work in the standard time or less time, they are paid at the per-hour rate for the standard time. If the employee is not guaranteed time wages and if the employee takes more than the standard time, they are paid only for the standard time. If the employee is guaranteed time wages, then payment is also made for the extra time taken by the employee.

   For example, Standard Time = 10 hours

   Hourly Rate = Rs. 10

   a) If the actual time is 9 hours, the earnings will be calculated as Rs. 100 (10 hours × Rs. 10).

   b) If the actual time is 11 hours and time wages are not guaranteed, the earnings will be calculated as Rs. 100 (10 hours × Rs. 10).

   c) If the actual time is 11 hours and time wages are guaranteed, the earnings will be calculated as Rs. 110 (11 hours × Rs. 10).

**2. Schemes under which an employee's earnings vary to a lesser extent than the work performed by the employee :**

These plans are known as time-based plans. In these plans, time is used to measure production. A standard time for performing the work is determined, and if an employee completes their work in less than the standard time, i.e., saves time, then a bonus is paid to the employee for the time saved (standard time - actual time). This also benefits the employer, because the bonus rate is usually lower than the normal wage rate. Since this saved time is beneficial for both the employee and the employer, these plans are known as "profit-sharing plans". These plans are implemented in cases where accurate standards cannot be determined or the work performed by the employee cannot be determined.Under these plans, there are four different but interconnected plans as follows :

1. Halsey Plan
2. Rowan Plan
3. Barth Plan
4. Bedaux Plan

**1. Halsey Plan :**

The Halsey Plan (also called the Halsey Premium Plan) was introduced by F.A. Halsey. It is a time-based incentive plan where workers are rewarded for completing a job in less time than the standard time.

An employee who completes standard work or less than standard work within the standard time receives time wages. However, if an employee completes standard work in less than the standard time, then that employee receives a bonus for the time saved (which is a fixed percentage of the wages for the time saved) along with the wages for the actual time taken.

❖ **Key Features :**

- ⇨ A standard time is fixed for each job.
- ⇨ If the worker completes the job before the standard time, they receive a bonus (usually 50%) of the time saved, based on their hourly rate.
- ⇨ If they take longer than the standard time, they receive payment for the actual time worked-no penalty.

Generally, the bonus is calculated at 30 to 70 percent, which depends on the type of work. For difficult work, a higher percentage is given, and for relatively easy work, a lower percentage is given for the time saved. Generally, an employee is given 50 percent of the wages for the time saved as a bonus, and the remaining saved wages go to the employer.

For example, Standard Time = 10 hours

Hourly Rate = Rs. 10

If the actual time is 9 hours, the payment will be calculated as Rs. 95.

Wages for actual time taken = 9 hours × Rs. 10 = Rs. 90

Wages for time saved = 50% × 1 hour × Rs. 10 = Rs. 5 = Rs. 95

(Formula: Total Wages = Wages for actual time taken + [50% × (Wages for time saved)]

❖ **Merits :**

1. Simple to understand and calculate.
2. Encourages workers to improve efficiency.

❖ **Demerits :**

1. Bonus is limited (only part of the time saved)
2. May not fully motivate highly efficient workers.

**2. Rowan Plan :**

The Rowan Plan was introduced by James Rowan. It is also a time-based incentive plan, but the bonus is calculated in proportion to the time saved and standard time. Under this plan also, standard time and standard hourly rate are fixed. If the actual time taken by the employee is equal to or more than the standard time, then the employee receives time wages according to the actual time taken. However, if the actual time taken is less than the standard time, then a bonus is also paid for the time saved, along with the wages for the actual time taken. The percentage of this bonus is determined according to the ratio of time saved and standard time (i.e., time saved/standard time).

For example, Standard Time = 10 hours

Hourly Rate = Rs. 10

If the actual time is 9 hours, the payment will be calculated as **Rs. 91.**

**Wages for actual time taken = 9 hours × Rs. 10 = Rs. 90**

**Wages for time saved =** $\frac{1}{10}$ **× 1 hour × Rs. 10 = Rs. 1= Rs. 91**

**(Rs.90 + Rs.1 = Rs.91)**

❖ **Key Features :**

1. The bonus increases with efficiency but at a decreasing rate.
2. Prevents workers from rushing and compromising quality.

❖ **Merits :**

1. Fair to both employer and employee.
2. Avoids over-speeding and poor workmanship.

❖ **Demerits :**

⇨ Complex to calculate compared to the Halsey Plan.

⇨ Limited reward for highly efficient workers.

**3. Barth Plan :**

The Barth Plan (proposed by Carl G. Barth) is a piece-rate system where the worker's earnings depend entirely on production, not hours worked.

Under the Barth Plan, employees are not guaranteed a time rate.

**Formula** : the actual time taken by the employee is multiplied by the standard time.

e.g., Standard Output = 10 unit per hour piece rate = $\frac{10}{10}$

Hourly Rate = Rs. 10 = Rs. 1 per Unit.

If actual Output = 90 Unit

Calculation

Payment = Actual hours of Production × Piece rate

= 9 × 10

= Rs. 90

❖ **Key Features :**

1. Workers are rewarded for saving time, but the incentive increases slowly as efficiency rises.
2. Quality is maintained as there is no excessive rush to finish early.

❖ **Merits :**

1. Discourages over-speeding.
2. Maintains quality of output.
3. Reduces supervision
4. Lower cost per unit

❖ **Demerits :**

1. Complicated to understand
2. Less motivating for highly efficient workers
3. No Guaranteed Minimum wage
4. Not suitable for all Jobs
5. Income uncertainty

**4. Bedaux Plan :**

The Bedaux Plan, developed by Charles E. Bedaux, is based on the concept of standard minutes or "B's" (Bedaux points).

Each "B" represents one minute of standard work.

❖ **Key Features :**

⇨ Standard time for each task is set in minutes.

⇨ Worker is paid normal wages for time taken, plus a bonus for the percentage of time saved (usually 75% of time saved).

❖ **Merits :**

⇨ Encourages efficiency through measurable performance.

⇨ Useful for setting performance standards.

❖ **Demerits :**

⇨ Calculation and supervision are complex.

⇨ May create tension between workers and supervisors if standards are set unfairly.

❖ **Comparison :**

| Plan | Basis | Bonus Calculation | Inventor | Motivation Level |
|---|---|---|---|---|
| **Halsey Plan** | Time saved | Fixed % (usually 50%) of time saved | F.A. Halsey | Moderate |
| **Rowan Plan** | Time saved | Proportion of time saved to standard time | James Rowan | Moderate–High |
| **Barth Plan** | Efficiency | Based on √(Time taken × Standard time) | Carl G. Barth | Low–Moderate |
| **Bedaux Plan** | Standard minutes (B's) | 75% of value of time saved | Charles Bedaux | High |

**3. Schemes under which an employee's earnings vary to a lesser extent than the work performed by the employee :**

Such schemes include the following two methods.

1. High-performance wage system
2. High-standard hour system

Under the high-performance wage system, the employee's earnings remain in proportion to the production done by the employee, just like in the direct labor wage system. But the increase in earnings for each unit of production above the standard production is higher. The same logic applies to the high-standard hour system.

**4. Schemes under which the earnings of the employee vary at different levels of work done by the employee :**

This group includes many schemes. All these methods describe very well how the earnings of the employee vary at different levels of work done by the employee, from minimum to maximum. This category includes the following four schemes.

A) Taylor Plan

B) Merrick Plan

C) Gantt Plan

D) Emerson Plan

**5. Group Bonus Schemes :**

Group bonus schemes are implemented to motivate employees when the efficiency of an induvidual employee cannot be determined. These schemes include the following.

1. Profit sharing
2. Participation

1. Profit Sharing : Under this scheme, employees are given a share in the profits of the business unit. That is, the employee is given a certain fixed share of the profits (without sharing in the losses) in addition to his salary. So that he is motivated and plays an important role in achieving the objectives of the business unit with greater efficiency and effectiveness.

   In some business units, an agreement is made between the business owners and the employees. In which, in addition to the salary, a predetermined share of the profits of the business unit will be given as a partial remuneration for hard work. Profit sharing is usually given in cash. In order to have less impact on the liquidity of the business, the profit share is deposited in the savings account of the employees, which can be withdrawn at short notice. The profit share amount can also be deposited in the provident fund of the employees.

2. Participation : Under this scheme, employees are given participation in the management of business units. For which they are given a share in the capital of the company, i.e. they are given shares of the company. Thus, under this scheme, the employee gets a share in the profit in addtion to the salary. Which is invested in the share capital. And thus the employee becomes a shareholder and gets participation in the management of the company.

❖ **Exercise :**

**Q-1 MCQ :**

1) The main objective of an incentive plan is to_____

A) Increase employee absenteeism

B) Encourage workers to improve performance

C) Reduce employee wages

D) Increase supervision costsy

**Answer : B**

2) Performance-based payment means_____

A) Paying wages only for attendance

B) Paying workers based on the quantity or quality of their work

C) Paying equal wages to all employees

D) Paying only fixed monthly salary

**Answer : B**

3. Which of the following is a monetary incentive_____

A) Praise and recognition

B) Promotion opportunities

C) Bonus and commission

D) Job security

**Answer : C**

4. Which of the following is a non-monetary incentive_____

A) Profit-sharing

B) Recognition and appreciation

C) Overtime pay

D) Piece-rate system

**Answer : B**

5. The Halsey Plan provides a worker with_____

A) Full wages for time taken only

B) A fixed bonus regardless of performance

C) A bonus based on a percentage of time saved

D) A share in company profits

**Answer : C**

6. The Rowan Plan gives a bonus based on:_____

   A) Fixed rate per piece

   B) Proportion of time saved to standard time

   C) Daily attendance

   D) Monthly performance reports

   **Answer : B**

7. Under which plan is the bonus calculated using standard minutes (B's)?

   A) Halsey Plan

   B) Bedaux Plan

   C) Rowan Plan

   D) Taylor's Differential Plan

   **Answer : B**

8. Incentives are primarily designed to_____

   A) Increase employee motivation and productivity

   B) Reduce the number of employees

   C) Delay production targets

   D) Increase administrative work

   **Answer : A**

9. Which of the following is an individual incentive plan?

   A) Profit-sharing

   B) Group bonus plan

   C) Halsey Premium Plan

   D) Co-partnership scheme

   **Answer : C**

10. Which of the following is an example of a group incentive plan?

    A) Rowan Plan

    B) Time-rate system

    C) Profit-sharing plan

    D) Piece-rate system

    **Answer : C**

11. In a piece-rate system, payment is made:_____

    A) According to the time spent on work

    B) According to the number of units produced

C) Based on seniority

D) Based on job position

**Answer : B**

12. Which of the following statements about incentives is true?

A) Incentives discourage performance improvement

B) Incentives are used only for managers

C) Incentives motivate employees to work more efficiently

D) Incentives reduce job satisfaction

**Answer : C**

13. Which of the following is not a feature of a good incentive plan?

A) Simplicity

B) Fairness

C) Complexity and confusion

D) Measurable performance standards

**Answer : C**

14. The main disadvantage of performance-based pay is:_____

A) It reduces motivation

B) It may lead to unhealthy competition among employees

C) It always increases costs

D) It has no effect on productivity

**Answer : B**

15. The Barth Plan calculates wages using_____

A) Standard time and time saved

B) Square root of (Standard time × Time taken)

C) Percentage of profit earned

D) Number of units produced

**Answer : B**

16. Incentives are an important part of_____

A) Marketing strategy

B) Human Resource Management

C) Financial accounting

D) Office administration

**Answer : B**

17. Performance-based pay links compensation to_____

A) Employee attendance

B) Employee seniority

C) Employee performance outcomes

D) Fixed salary scales

**Answer : C**

18. The concept of performance-based payment is mainly related to:_____

A) Motivation theory

B) Accounting principles

C) Production theory

D) Communication theory

**Answer : A**

19. Non-financial incentives are more effective when:_____

A) Employees are not interested in growth

B) Employees value recognition and achievement

C) The organization faces financial loss

D) There is no supervision

**Answer : B**

20. Incentive and performance-based pay systems aim to:_____

A) Decrease employee efficiency

B) Increase productivity and morale

C) Replace human labor

D) Increase absenteeism

**Answer : B**

**Q-2 Give answers of the following questions :**

1. Write about the Nature of Incentive Payments.
2. Explain Prerequisites for Effective Incentive Payments.
3. Discuss the Scope of Incentive Schemes.
4. State and explain Types of Incentive Schemes

**Q-3 Short note :**

1. Halsey Plan
2. Rowan Plan
3. Barth Plan
4. Bedaux Plan
5. Merits and demerits of incentive plans

**********

# Unit : 10
# Motivation- Introduction

**10.1 Introduction**

**10.2 Meaning**

**10.3 Definitions**

**10.4 Characteristics**

**10.5 Importance**

**10.6 Approaches**

- **Exercise**

## 10.1 Introduction

Every business unit has a long-term vision. Business managers possess foresight to lead their business units to the pinnacle of success and also have a blueprint (framework) to achieve that. To make a business unit successful, business objectives are formulated, and human resources (human capital) are needed to achieve these objectives. If these human resources are motivated to achieve business objectives, they work with full loyalty, enthusiasm, and initiative. Therefore, to provide them with motivation, the business unit must fulfill their human needs, which can be interpreted as management, being the art of getting work done through employees.

A business unit employs human resources or employees and can obtain their physical presence for a fixed period, but their enthusiasm, morale, loyalty, and initiative to work cannot be bought. The responsibility to energize employees in the right direction rests with the business unit or manager. It is essential to encourage them to be dynamic, and to encourage them, it becomes necessary to satisfy their internal desires or personal needs. Thus, by providing incentives to employees and satisfying their personal needs, managers can give the internal morale the right direction and achieve the objectives of the business units. In other words, to achieve the general objectives of business units by providing incentives to employees, managers have to go through the following stages:

1. The unfulfilled needs (desires) (expectations) of employees are identified.
2. Financial or non-financial incentives are determined according to the employees' needs.

3. Managers should behave in a need-oriented manner to provide incentives to employees because human behavior is controlled and given the right direction by satisfying their needs (not their objectives, through incentive payments).

4. By satisfying the unfulfilled needs (desires) (expectations) of employees, the objectives of the business units are achieved.

   Motivation plays an important role in achieving the objectives of employees and managers Thus, by providing appropriate incentives to employees, business units can achieve their objectives.

## 10.2 Meaning

The term "Motivation" is derived from the word "Motive." The meaning of the word "Motive" is "purpose," which means "to move forward towards action." Thus, motives inspire people to act. By achieving their motives, they also fulfill their specific human needs. Thus, every human action must have some motive behind it, and this action is done to achieve those motives. Thus, a business unit also gives motives to employees to work. And the motives of employees are linked to business objectives. Thus, the achievement of employees' motives results in the achievement of business objectives, and for that, employees need to be given the necessary motivation.

## 10.3 Definitions

Motivation is the internal drive or desire that stimulates a person to act or behave in a particular way to achieve specific goals.

1. **According to Koontz and O'Donnell,** "Motivation is a general term used for the entire class of desires, needs, aspirations, and similar elements that provide inspiration for an individual or group of people to act."

2. **According to William G. Scott,** "Motivation is the process of stimulating people to act to achieve objectives."

3. **According to Stephen P. Robbins:** "Motivation is the willingness to exert high levels of effort toward organizational goals, conditioned by the effort's ability to satisfy some individual need."

4. **According to Dale S. Beach:** "Motivation is the willingness to expend energy to achieve a goal or reward."

Thus, motivation is a well-organized managerial process that stimulates people/employees to make full use of their capabilities by fulfilling their unfulfilled needs, to effectively and efficiently achieve the general objectives of the unit.

## 10.4 Characteristics of Motivation

Based on the definitions of motivation, the characteristics of motivation can be presented as follows :

1. **Need (expectation) based:** Motivation is based on the needs of employees. They encouraged to fulfill their incomplete needs and contribute to achieving the objectives of business units by utilizing their full potential. If their needs are not met, the process of encouragement proves to be unsuccessful.

2. **Reward:** If an employee is given an appropriate reward to fulfill their needs, they are motivated to work. Thus, a reward given to motivate an employee to work is known as a "motivator" or "incentive." Generally, employees work to fulfill their basic needs, and the determined 'money' or 'salary' is a 'motivator' or 'incentive' to satisfy those needs. In many cases, 'non-financial incentives' also become necessary as motivators for many employees.

3. **Planned Process:** Motivation is a process of stimulating and influencing human behavior to achieve common goals and desired results. Since motivation is associated with human behavior, it is considered a psychological concept and therefore a complex process, because no two individuals or employees can be motivated in exactly the same way. For some individuals, financial benefits or rewards (e.g., bonus, salary increase) act as a stimulus, and for others, non-financial benefits (e.g., promotion, recognition) also prove effective as a stimulus. Often, for the same individual, a financial reward acts as a stimulus at one time, and a non-financial reward acts as a stimulus at another time.

4. **Internal Willpower:** The basic motivation to work depends on the employee's internal willpower. Every employee works for the business unit 'physically', but it becomes necessary to motivate them to work 'mentally', meaning it is necessary to inspire their internal willpower. Internal willpower can be motivated by 'wealth'. To awaken an employee's internal willpower, it is necessary to satisfy their basic needs. Maintaining and further advancing this motivation is in the hands of the managers.

5. **Responsibility of Managers:** The responsibility to motivate employees lies with the managers. This responsibility is not only for managers at the top of the hierarchy but also for managers at the bottom of the managerial structure (hierarchy). Thus, the responsibility to motivate employees is equally shared by all managers from top to bottom.

6. **Limited Authority:** The company's policies regarding salary, wages, additional benefits, promotions, etc. are predetermined. Therefore, the authority of officers (superiors) to motivate employees working under them remains limited. And that is why the plan to motivate employees should be

implemented by the top management of the company so that the authority of lower-level officers and managers to motivate employees working under them remains unlimited.

7. **Positive or Negative Motivation:** Motivation can be positive or negative. If the motivation is positive, it provides inspiration to work for the business unit, and if an employee receives negative motivation due to their needs not being satisfied, it negatively affects the employee's loyalty towards the business unit, their enthusiasm to work, or their initiative to accept responsibility and work, and creates obstacles in achieving the common goals of the business unit.

8. **Continuous Process:** Motivation is a continuous process. It is necessary and also possible for managers to continuously motivate employees. If employees have been motivated for a certain task, and if after the completion of that task, the motivation is stopped, then in the absence of motivation, they will stop working for the business unit with full heart or diligence. Employees' needs are unlimited and repetitive in nature, so it becomes necessary for managers to provide continuous motivation.

9. **Change:** As per time, the needs of employees keep changing, and therefore, the motivation, encouragement, or its form provided to them should also be changed by managers and officers. The same form of encouragement or motivation cannot motivate an employee every time.

## 10.5 Importance of Motivation :

The motivation or encouragement given by managers is very important not only for employees but also for managers. Motivation indicates a win-win Situation for both managers and employees. Employees are motivated by satisfying their needs and contribute significantly to achieving the goals of the business unit. Thus, on one hand, the needs of employees are satisfied, and on the other hand, the goals of the business units are achieved by the managers. Employees achieve job satisfaction and contribute to achieving business goals by giving their best performance. The business unit can also achieve its goals through the maximum utilization of its research. The importance of motivation is as follows :

1. **Goal Achievement:** Motivated employees strive wholeheartedly to achieve the goals of business units. Through motivation, employees' efforts and time are given proper direction, and by maximizing their utilization, the goals of business units are achieved easily and quickly.

2. **High Performance Standards:** Employees are an asset that provides more productivity like other resources (assets) such as goods, machinery, technology, and other physical facilities, and thus can achieve cost minimization and profit maximization. For this, it is very important to motivate employees, and they can maximize the utilization of all other resources through high performance standards.

3. **High Morale:** Encouragement is a continuous process. Encouragement given on a permanent and continuous basis maintains employees' favorable attitude towards work for a long time, and due to this, their morale to work also remains at a high standard. High morale indicates employees' dedication towards work and loyalty towards the business unit. And that is why it becomes very easy and quick for the business unit to achieve its goals.

4. **Job Satisfaction:** A motivated employee, being satisfied, completes the assigned work efficiently and very well, and experiences joy at the workplace and in personal life for completing the work.

5. **Low or No Absenteeism:** When an employee's human needs are fulfilled, their morale remains high, and they also achieve job satisfaction, and their loyalty towards the business unit and their work remains at a high level, and therefore, very low or no absenteeism is observed in such motivated employees.

6. **Employee Stability in the Unit:** If an employee is frustrated or disappointed with the business unit or managers, they leave the business unit and look for other good employment opportunities. But if an employee is motivated, they remain loyally associated with the business unit, and therefore, the business unit has a low labor turnover rate. And thus, the performance of the business unit remains continuous. Thus, a motivated and stable workforce is like an asset for the business unit.

7. **Industrial Peace:** By motivating employees, their needs are satisfied, and they feel that managers are conscious and concerned about not only the workplace needs but also their personal needs and are striving to fulfill them. Thus, motivation develops excellent and friendly relations between managers/business units and employees, and due to this, a situation of conflict or disputes does not arise between them, resulting in overall industrial peace in the business unit.

8. **Coordination:** If there are mutual differences between managers and employees, there is a lack of coordination between them, but if employees' personal needs are fulfilled and they are motivated, a good understanding develops between employees and managers, and coordination is achieved.

Thus, They easily understand the problems and happily resolve them, thus preventing industrial disputes.

9. **Opposition to technological change:** In the era of the industrial revolution, technological changes keep happening, and to survive in cut-throat competition, such changes become necessary for business units to implement. When such changes are introduced, opposition from employees is natural. However, if an employee is motivated, they take the initiative to use new work or new techniques and welcome such technical changes, and their opposition to them remains almost minimal.

10. **Less need for supervision:** A motivated employee maximizes the use of all resources, increases high productivity, minimizes waste, and maximizes profit. Thus, the need for supervision is also less, and fewer managers are needed for supervision, which also reduces managerial costs.

## 10.6 Approaches of Motivation :

1. Maslow's Hierarchy of Needs Approach
2. McClelland's Need Approach
3. Herzberg's Two-Factor Motivation Approach
4. McGregor's 'X' theory and 'Y' theory

### 1. Maslow's Hierarchy of Needs Approach

Human needs are many. It is not necessary that all these needs are satisfied at the same time. Some needs remain unsatisfied, which is the starting point of the motivation process. It becomes necessary for managers to develop an understanding of human needs to formulate and implement motivation plans, and they should identify the unsatisfied needs of employees and introduce motivation plans. Managers should adopt different ways to fulfill the unsatisfied needs of employees. Because when an employee has unsatisfied needs, they try to satisfy these needs. This can also be identified as a goal, and they make efforts to achieve this goal. In this way, they satisfy their needs.

In this context, Maslow, who was a renowned American psychologist, presented a comprehensive framework of human needs and arranged human needs in a hierarchy or ladder, which is known as Maslow's Hierarchy of Needs Approach. According to this approach, starting from physiological needs, human needs are classified into safety, social, esteem, and self-actualization needs.

According to the Hierarchy of Needs approach, needs are satisfied

sequentially, so it is very important to satisfy physiological needs before other needs are satisfied. After these physiological needs are satisfied, humans try to fulfill the needs of the next level, i.e., safety needs, and then social needs, esteem needs, and finally self-actualization needs. Thus, human needs are arranged in a specific order, and therefore, a need of a subsequent order arises only after the need of the preceding order is satisfied.

1. **Physiological Needs:** Physiological needs arise due to the physical structure of humans. Such needs include medicine, food, water, clothes, shelter, rest, and other similar basic necessities. These needs are common to all individuals, and it is very important for these needs to be fulfilled for human existence. Therefore, these needs are called fundamental needs or needs related to sustaining existence.
2. **Safety Needs:** Safety needs are the needs to be safe from economic, physical, and social harm. Thus, safety needs can be divided into the following three types.
    a. Economic Safety Needs: Humans have economic safety needs to ensure that their basic needs are continuously and permanently satisfied. Thus, these needs are an extension or type of basic needs.
    b. Physical Safety Needs: Physical safety needs include needs related to physical risks and safety. For example, fire, accidents, and other types of physical risks.
    c. Social Safety Needs: Social safety needs include old age, of a critical situation or permanent inability to perform work.
3. **Social Needs:** Humans are social beings. They live in society and therefore derive satisfaction through relationships with others in society and overcome loneliness. These needs include relationships and acceptance with other people, and the need to give and receive love and affection.
4. **Esteem Needs:** These needs are associated with respect and prestige. These needs can be divided into two types: self-esteem and esteem from others. Self-esteem is an employee's personal need to possess an internal feeling of self-confidence, independence, respectability, or prestige. In the type of esteem from others, an employee desires respect or prestige from colleagues in their work group, meaning authority or power over others. Thus, an employee desires recognition, acceptance, and identification for themselves and their work, and through that, their need to attain honor and respect is satisfied.

5. **Self-Actualization Needs:** In these needs, an individual desires to achieve self-actualization by accomplishing the work they are capable of doing. That is, through the full utilization of their inherent and hidden potential, they wish to become what they are capable of becoming, thereby achieving self-actualization or self-fulfillment.

❖ **Characteristics :**

1. **Comprehensive:** The human needs classified by Maslow are comprehensive. They include all needs from birth to death. That is, all needs from basic needs to self-actualization are covered. Thus, since motivation at every stage of life is described, it is not only comprehensive but also universally applicable.

2. **Logical:** Maslow has arranged human needs in a hierarchical order, which is more logical. Basic needs emerge first, before other needs. Similarly, the need for self-actualization or self-fulfillment emerges at a prominent stage in an individual's career, and by then, all previous needs are fulfilled.

3. **Guiding:** Maslow's hierarchy of needs approach serves as a guide for managers in formulating and implementing incentive schemes. Based on this approach, managers can identify employees' unsatisfied needs and motivate them by fulfilling them through appropriate incentive payments.

4. **Simple:** Maslow's approach is a simple approach to classifying human needs. Even a common person can easily understand it. Based on this approach, it can be easily understood why one person behaves differently from another in similar situations, and it also easily indicates which needs are common to all individuals.

5. **Permanent:** Maslow's approach will prove important for managers in formulating incentive schemes in the past, present, and future. In the nineteenth century, more emphasis was placed on fulfilling physical needs, and therefore employees could be motivated by higher wages. In the twentieth century, emphasis was placed on safety needs, and therefore employee compensation and provident fund incentives gained prominence. And in the twenty-first century and the times to come, the remaining three higher-level needs will become more important, and therefore managers will have to formulate incentive schemes based on these. Thus, Maslow's approach is permanent.

❖ **Limitations :**

1. **Limited Application:** The hierarchical classification of human needs cannot be universally applied to all individuals. For many individuals,

basic needs remain important, while for some individuals, safety or social needs are more important, and for many people, esteem or self-actualization needs provide motivational force. Thus, Maslow's approach has limited application.

2. **Incomplete:** This approach does not cover all needs. For example, needs for mental peace, needs for happiness in life, needs for spirituality or religiosity, etc Thus, this approach does not include many important human needs, so it is incomplete.

3. **Diversity in implementation:** The countries of the world have different economic statuses, and there is a significant difference in people's living standards. The needs of people in developed nations, developing nations, and underdeveloped nations.

4. **Creation of new needs:** According to Maslow's approach, needs of the next stage arise only after the needs of the previous stages are satisfied. According to this approach, the emergence of needs under more than one stage at the same time is not identified. This means that for an individual, in addition to basic needs, the creation of safety or social needs can also be possible simultaneously.

5. **Merging of needs:** The needs under one stage become consistent with the needs under the subsequent stage, and the needs within the two stages merge into each other. For example, for an individual, basic needs and safety needs may merge with each other. Similarly, esteem needs can merge with self-actualization needs. Therefore, it can be said that the needs within two stages merge into each other.

6. **Difficulty in knowing needs:** It becomes difficult to know a person's needs based on the analysis of their behavior. A person's behavior is based on many motives and needs. Thus, it becomes difficult to know a person's unsatisfied needs or expectations. It is not possible to motivate every person to work through a proper incentive scheme.

**2. McClelland's Need Approach :**

The theory given by McClelland is known as the motivational needs approach. According to this approach, needs can be divided into three types :

1. Need for power
2. Need for affiliation
3. Need for achievement

1. **Need for power:** An individual with a high need for power strives to acquire and use power and authority. Such an individual aims to influence others and win arguments. Thus, they prove others to be inferior and demonstrate their superiority over them. Such an individual is a clear speaker. They are discerning, meaning they remain firm in their decisions and do not let emotions affect their decisions. Such an individual has high standards, or it is very difficult for such an individual to be satisfied.
2. **Need for affiliation:** The need for affiliation indicates a desire for social connection with people. An individual with a high need for affiliation gives more importance to personal relationships with other people. They strive to maintain pleasant social relationships and comfort and help others in difficulty. Such an individual finds joy in receiving love and acceptance from others. They try to avoid the sorrow caused by rejection from a social group. Such an individual gives more priority to social relationships than to achievement. Therefore, a high need for affiliation often hinders managers in the decision-making process.
3. **Need for achievement:** An individual in whom the need for achievement is important has the following characteristics :
    1. Challenging goals: Such an individual embraces challenges and generally sets difficult but potentially achievable goals.
    2. Self-responsibility: They allocate more time to achieve established goals and thus take personal responsibility for performing challenging tasks. Not only that, they also take responsibility for the success or failure of the work.
    3. Feedback: They desire a situation where they receive concrete feedback or response for the achievement of goals by themselves.

    Thus, according to McClelland's theory, the need for achievement is found in high proportion among managers or heads of small business units, while in large business units, the need for achievement is found in average proportion. If an employee has a high standard of need for achievement, then the goals of the business units become easy and quick to achieve. If the need for achievement in employees is at a low standard and needs to be raised to a high standard, then employees should be trained for it. Furthermore, when employees are recruited, those employees who have a high proportion of need for achievement should be hired.

### 3. Herzberg's Two-Factor Motivation Approach :

Herzberg's two-factor motivation approach is based on research conducted on 200 accountants and engineers. This approach was based solely on the two questions listed below :

1. What do you like about your work?
2. What do you dislike about your work?

In response to the above two questions, they were asked to describe the factors that indicated their feelings towards their work, and the responses described by them were divided into the two categories listed below.

1. Hygiene Factors (or Maintenance Factors or Dissatisfiers) - The factors that presented dissatisfaction were known as hygiene factors.
2. Motivator Factors (Satisfiers) - The factors that showed a positive effect on job satisfaction were known as motivator factors.

1. **Hygiene Factors :** The word "hygiene" is taken from the medical field, which means steps taken for the protection or maintenance of health. It does not mean steps taken for the improvement of health. Similarly, factors that are necessary to maintain or protect job satisfaction among employees are included in this category. In short, "prevention is better than cure" or "build the dam before the water comes."

   The presence of hygiene factors protects employees from dissatisfaction and helps maintain the status quo, so they are also called maintenance factors. The absence of hygiene factors leads employees to dissatisfaction, so they are also known as dissatisfiers. Hygiene factors are factors related to the job context and are known as external or unnecessary factors because their presence does not provide a high standard of motivation. However, their absence certainly causes dissatisfaction. Thus, managers should reasonably provide hygiene factors such as , Salary, Job Security, Working Conditions, Policy and Administration, Technical Supervision, Relationships with Co-workers, Relationships with Supervisors, Relationships with Subordinates, Status and Personal Life to protect employees from job dissatisfaction. Problems arising from dissatisfaction, such as absenteeism, labor turnover rates, and grievances, should also be prevented.

2. **Motivator Factors :** The presence or increase of motivator factors positively affects job satisfaction and provides motivation among employees, and therefore they are known as motivators. Their absence

or decrease does not negatively affect the employee or cause feelings of dissatisfaction. Therefore, they are also known as satisfiers.

Motivator factors are factors related to the job itself, i.e., internal factors. Thus, managers should reasonably provide motivator factors as listed below to motivate employees to work.

1. Achievement
2. Recognition
3. Responsibility
4. Advancement
5. Opportunities for Development

❖ **Characteristics :**

1. **Money - Not a Motivator:** According to Herzberg's approach, money/ salary is not a motivator factor but a hygiene factor, which protects employees from dissatisfaction.
2. **Identification of Dissatisfiers:** Hygiene factors are also known as dissatisfiers. They help managers identify dissatisfiers among employees and formulate and implement appropriate plans for hygiene factors.
3. **Limited Motivators:** Managers should provide limited motivators to employees regarding their work, meaning there is no need to provide motivators in large quantities because a decrease in them does not cause feelings of dissatisfaction among employees.
4. **Job Satisfaction:** Job satisfaction can be increased among employees through job enrichment, i.e., by increasing responsibility and assigning challenging tasks, job satisfaction can be increased among employees. For example, removing supervisory authority, job autonomy, job authority, direct response, challenging or new assignment

❖ **Limitations :**

1. **Small sample size:** This approach is based on only 200 accountants and engineers, and therefore, generalizing this approach to all accountants, engineers, or other managers may be inappropriate.
2. **Money as a motivator:** Herzberg's approach is based on professionals in rich countries. In rich countries, money may not be a motivator, but for people in poor countries, money is a powerful motivator.
3. **Flawed information:** Herzberg's method of collecting information through personal interviews can be considered flawed because in

personal interviews, people generally say what the interviewer wants to hear. They do not express their true feelings. Flawed information is provided, and an approach prepared based on it also becomes flawed.

4. **Irrelevant hygiene factor:** Herzberg has also included personal life as a hygiene factor. But managers have no control over personal life, so it becomes very difficult for managers to convert feelings of dissatisfaction arising from personal life into satisfaction. Thus, an employee's personal life can be called an irrelevant hygiene factor.

5. **Overlapping motivator factors:** Herzberg has suggested two motivator factors: 'progress' and 'opportunities for development'. However, if we look closely, both factors, 'progress' and 'opportunities for development', express almost the same meaning.

**4. McGregor's 'X' theory and 'Y' theory :**

McGregor developed two types of assumptions about human behavior: 'X' theory and 'Y' theory. 'X' theory holds negative assumptions about human behavior, while 'Y' theory holds positive assumptions about human behavior. If managers want to formulate incentive schemes, it is extremely important for them to understand these two types of assumptions about employees.

**'X' theory:** 'X' theory presents negative assumptions about human behavior towards work. According to this theory,

(1) people dislike work and try to avoid it as much as possible

(2) People also wish to avoid responsibility

(3) People prefer to be directed or guided by others

(4) A lack of creativity and imagination is observed in people

(5) Commitment to goals is an act of punishment, which is associated with their failure

(6) People are selfish and indifferent to organizational goals

(7) People have limited latent potential for capabilities

**'Y' theory:** 'Y' theory presents positive assumptions about human behavior towards work. According to this theory,

(1) people like work

(2) People prefer to accept and acquire responsibility.

(3) People prefer to give direction and prefer to implement self-management and self-control

(4) People possess creativity and imagination

(5) Commitment to goals is an act of reward, which is associated with their achievement

(6) People are not very selfish and are interested in organizational goals

(7) People have unlimited latent potential for capabilities

❖ **Features :**

1. Guide: 'X' theory and 'Y' theory serve as a guide for managers, which helps in developing incentive systems for employees and also helps in developing the overall management system.
2. Realistic: The assumptions about human behavior according to 'X' theory and 'Y' theory are realistic. In real life, people generally follow the ideologies under 'X' theory and 'Y' theory.

❖ **Limitations :**

1. **Unverified assumptions:** The assumptions about human behavior presented by McGregor were his own assumptions. Until these assumptions are verified, they cannot be called realistic.
2. **Managerial style:** If the managerial style according to 'X' approach is implemented, it shows a strict attitude of managers towards employees and invites resistance from employees. Whereas, when the managerial style according to 'Y' approach is implemented, it shows a lenient attitude of managers towards employees and thus indicates managerial inefficiency.
3. **Unilateral Assumptions:** According to the 'X' approach, unilateral negative assumptions are made, and according to the 'Y' approach, unilateral positive assumptions are made. However, very few people exhibit such unilateral human behavior, and most people exhibit human behavior between these two unilateral assumptions, which has been ignored by McGregor.
4. **Changeable Behavior:** People's behavior is sometimes observed to be according to the 'X' approach, and at other times according to the 'Y' approach. That is, there is changeable behavior which is observed to be ignored.
5. **Both types of employees:** In a business unit, both types of employees, 'X' approach and 'Y' approach, are found, and therefore it becomes difficult to formulate an inclusive management system that covers all employees.

❖ **Exercise :**

**Q-1 Theoretical Questions :**

1. What do you know about motivation or incentive? Explain its meaning and definitions in detail.
2. Define incentive or motivation. Discuss its characteristics in detail.
3. "Motivation or incentive given by managers is not only important for employees but also for managers." - Explain.
4. Discuss Maslow's hierarchy of needs approach in detail.
5. Into how many types can needs be divided according to McClelland? Discuss in detail.
6. "Herzberg's motivation approach is called two-factor." Why? Explain.
7. Discuss the Herzberg approach in detail.

**Q-2 Short notes :**

1. Importance of motivation
2. Characteristics of motivation
3. Steps according to Maslow's approach
4. Characteristics of Maslow's hierarchy of needs approach
5. Flaws of Maslow's approach
6. McClelland's needs approach
7. Hygiene factors of Herzberg's approach
8. Motivational factors of Herzberg's approach
9. Characteristics and flaws of Herzberg's approach
10. McGregor's 'X' approach and 'Y' approach
11. Give differences: 'X' approach and 'Y' approach

**Q-3 Multiple choice questions :**

1. ..... is the process of stimulating people to work to achieve their goals.

   (a) Motivation

   (b) Facilities

   (c) Both (a) and (b)

   (d) None of the above

   **Answer : (a)**

2. The characteristic of motivation is ..... .....their goals.

   (a) Need-based

   (b) Reward

   (c) Internal will

   (d) All of the above

   **Answer : (d)**

3. ..... is included in the characteristics of motivation.

   (a) Responsibility of managers

   (b) Limited authority

   (c) Positive or negative motivation

   (d) All of the above

   **Answer : (d)**

4. Motivation is important for .....

   (a) Goal achievement

   (b) High morale

   (c) Industrial peace

   (d) All of the above

   **Answer : (d)**

5. Motivation is important for .....

   (a) Stability in workforce

   (b) Coordination

   (c) Minimum resistance to change

   (d) All of the above

   **Answer : (d)**

6. According to Maslow's approach, the hierarchy of needs is .....

   (a) Physiological needs, safety needs, social needs, esteem needs, self-actualization needs

   (b) Safety needs, physiological needs, social needs, esteem needs, self-actualization needs

(c) Safety needs, physiological needs, social needs, self-actualization needs, esteem needs

(d) Safety needs, physiological needs, esteem needs, self-actualization needs, social needs

**Answer : (a)**

7. McClelland's approach includes .....

(a) Need for power

(b) Need for affiliation

(c) Need for achievement

(d) All of the above

**Answer : (d)**

8. Herzberg's approach was based on .....

(a) What do you like about your work?

(b) What do you not like about your work?

(c) Both (a) and (b)

(d) None of the above

**Answer : (c)**

9. Herzberg's approach was based on research conducted on .....

(a) Accountants

(b) Engineers

(c) Both (a) and (b)

(d) None of the above

**Answer : (c)**

10. Herzberg's approach is based on .....

(a) Hygiene factors

(b) Motivator factors

(c) Both (a) and (b)

(d) None of the above

**Answer : (c)**

11. McGregor's approach is based on .....

    (a) X approach

    (b) Y approach

    (c) Both (a) and (b)

    (d) None of the above

    **Answer : (c)**

12. X approach is based on ..... and Y approach is based on ..... leadership style.

    (a) Autocratic, democratic

    (b) Democratic, autocratic

    (c) Autocratic, but autocratic

    (d) Democratic, but democratic

    **Answer : (a)**

13. X approach is based on ..... and Y approach is based on .....

    (a) Centralization of authority, decentralization of authority

    (b) Decentralization of authority, centralization of authority

    (c) Centralization of authority, partial centralization of authority

    (d) None of the above

    **Answer : (a)**

14. X approach is based on the philosophy of ..... and Y approach is based on the philosophy of .....

    (a) Negative, positive

    (b) Positive, negative

    (c) Positive, partially positive

    (d) None of the above

    **Answer : (a)**

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# Unit : 11
# Communication

**11.1 Introduction**

**11.2 Nature of Communication**

**11.3 Importance of Communication**

**11.4 Types of Communication**

**11.5 Barriers/Obstacles of Communication**

**11.6 Process of Interpersonal Communication**

**11.7 Organizational Communication**

**11.8 Effective Communication**

- **Exercise**

## 11.1 Introduction

Communication is very essential for making management successful. For proper execution of management functions such as planning, organizing, directing, and controlling, effective communication among the employees involved in these functions is necessary. Similarly, if there is coordination among business units such as the purchasing department, sales department, production department, finance department, human resources department, and general administration department, then the business unit functions smoothly, and for that, effective communication among these departments is indispensable.

Looking at it another way, the task of conveying orders, proper understanding, and clarity from the upper level of management to the lower level is also possible only through effective communication. Not only that, but the information, feedback, and suggestions given from the lower level to the upper level can only be useful for the managerial decision-making process when a proper, barrier-free communication system is implemented. If a proper communication system is implemented by a business unit, then by delivering the right information, at the right time, to the right person, future losses can be avoided and opportunities for profit can also be seized. Thus, effective communication proves to be essential for successful management. Some prevalent definitions related to communication are as follows :

1. According to Koontz and O'Donnell, "Communication is a way for one member of a business unit to provide information related to 'meaning and understanding' to another member."

2. According to Newman and Summer, "Communication is the exchange of facts, ideas, opinions, or feelings between two or more individuals." Thus, communication can be broadly defined as follows:

"Communication is the exchange of facts, information, ideas, suggestions, orders, etc, from one person to another to give the recipient a complete understanding of the subject matter of the communication and to elicit the desired response from the recipient."

## 11.2 Nature of Communication :

There are two forms of commonication as mentioned below :

1. Oral Communication
2. Written Communication

**1. Oral Communication :** The method of sending messages through words by the sender of communication to the recipient of communication is known as oral or verbal communication. The following mediums are used for sending communication in oral form.

1. **Direct Face-to-Face Communication:** Direct face-to-face communication occurs directly between both the sender and receiver of messages.
2. **Through Mechanical Devices:** Mechanical devices such as telephones, cell phones, intercoms, dictaphones (a device for recording spoken words, typing them, and sending messages), loudspeakers, etc, are also used for oral communication.
3. **Through Messengers:** Messengers such as peons, servants, intermediaries, special messengers, etc, are also used for oral communication.
4. **During Meetings or Assemblies:** Often, oral communication is also done during meetings or assemblies.
5. **During Lectures:** People can also be communicated with orally through lectures.
6. **Group Discussion:** Oral communication can also be arranged through the organization of group discussions among groups of individuals.

❖ **The characteristics of oral communication are as follows :**

a. Oral communication saves time and money.

b. In oral communication, the sender maintains personal contact, which makes the communication effective.

c. The recipient's doubts can be immediately cleared, and the message can be easily understood.

d. Important points in the message can be explained through body language, i.e., gestures.

e. The effects of communication can be easily measured, and there is scope for change.

❖ **Some limitations of oral communication are as follows :**

a. Oral communication is not useful if the sender and receiver of messages are very far from each other

b. Not suitable for lengthy communication.

c. There is no permanent record of oral communication.

d. Often the receiver does not take oral communication seriously.

e. If the expression of words in communication is not appropriate, then the message is misunderstood or misinterpreted.

2. **Written Communication :** The method by which the sender of communication sends messages to the receiver in the form of written words is known as written communication. The following methods are used for written communication :

a. Letters

b. Reports

c. Circulars

d. Notices

e. Periodicals

f. News or newspapers

❖ **The characteristics of written communication are as follows :**

a. Suitable for lengthy communication.

b. When both parties are so far from each other, written communication proves to be the only useful means of communication for clearer communication.

c. It can be kept as a permanent document and can be used as a basis or evidence for communication when needed.

d. The possibility of missing any point is almost negligible.

e. When a written order is disregarded by an employee working under supervision, written communication proves to be a solid basis for taking action against them.

❖ **Some limitations of written communication are as follows :**

a. There is a possibility of misinterpretation of written communication.

b. Written communication takes more time.

c. There is no scope for direct face-to-face discussion.

d. Confidentiality is not maintained in messages communicated through written communication.

e. There is a lack of flexibility in messages in written communication.

f. If the message written through written communication is not systematic, then a lot of written and oral communication has to be done afterwards, which creates confusion or entanglement.

## 11.3 Importance of Communication :

The importance of communication is as follows :

1. **Institutional Functioning:** Communication is fundamental for institutional functioning. When necessary communication is made by superiors, work is undertaken by employees working under them. Thus, communication serves as fuel for the institutional vehicle.

2. **Helpful in Planning:** Communication generally plays a role as a supportive tool in the decision-making process and especially in planning. Useful information for the decision-making process, such as the resources available to a business unit, its limitations, external factors, etc. is provided to managers only through communication. Thus, the accuracy of planning depends on the accuracy of the information provided through communication.

3. **Leadership:** Communication is used by leaders to provide their subordinates with information about the business unit's objectives, policies, rules, and procedures, as well as necessary work orders, suggestions, and guidance for carrying out tasks. When subordinates (employees working under supervision) communicate their problems, needs, and performance to the leader (superior). Thus, for effective leadership, if the communication system between managers and employees is effective, then the achievement of objectives by them becomes easy and quick.

4. **Coordination:** When employees are performing similar or interrelated tasks, if there is effective coordination between them, mutual understanding remains

good, and the task or objective can be achieved quickly. However, for this effective coordination, the role of communication between them remains very important. By developing a common approach, assigned tasks can be completed quickly.

5. **Resistance to Change:** When institutional changes and their underlying objectives and benefits are not communicated to employees, these changes are resisted, institutional transformation can be easily explained to employees, and resistance to institutional transformation can also be removed, and institutional change can be successfully implemented.

6. **Interpersonal Relationships:** Communication is externally the exchange of messages, but internally it is the exchange of understanding between the sender and receiver of messages. Through the free flow of communication, interpersonal relationships develop, and through it, existing differences are removed, and it helps in resolving disputes. Thus, the relationship between superiors and subordinates, as well as between owners, workers, and employees, also strengthens.

7. **Public Relations:** Communication not only develops internal relationships but also public relations. Large business units also maintain a public relations department. They communicate with people outside the business unit, exchange information with them, and resolve their issues. Thus, communication strengthens public relations.

8. **Control:** When there is a deviation in actual work from standard work, necessary steps are taken by the managers for control. Managers can take such corrective steps only when they have complete and accurate information about the actual performance of employees and the deviation from standard work. Thus, through communication, corrective steps can be taken, and losses can be avoided through timely control.

9. **Delegation of Authority:** A superior officer gives work assignments, necessary instructions, etc, to a subordinate officer through communication, and the subordinate officer also gives work reports, problems, difficulties, etc, to the superior officer through communication. Thus, communication between the two indicates successful delegation of authority.

10. **Pervasive:** Communication is very essential in matters related to human resources such as recruitment, selection, training, orientation, appointment, etc Employees can also be motivated to work through communication. Employees can be kept disciplined through communication of institutional policies and rules. Furthermore, information exists at every level of management and administration. Thus, communication is pervasive in a business unit.

## 11.4 Types of Communication :

Broadly, communication is classified into the two types mentioned below :

1. **Formal communication**
2. **Informal communication**

### 1. Formal Communication :

Most of the communication in a business unit is formal communication. Formal communication is work-related and its transmission occurs according to formally established channels. Orders, instructions, decisions, and guidance are communicated by superior employees to subordinate employees, and work reports, difficulties, and feedback are communicated by subordinate employees to superior employees. Communication also occurs between different departments of business units. Thus, the following diversity is observed in formal communication :

1. Upward communication
2. Downward communication
3. Horizontal communication

1. **Downward Communication:** This type of communication is observed from top-level management to middle or lower-level management. This communication is from the upper level to the lower level. This type of communication is imperative or mandatory. Under this, superior employees communicate plans, objectives, reward or punishment policies, and instructions to subordinate employees so that they can achieve the assigned work. Generally, this type of communication is done in the form of orders and instructions. Therefore, such orders and instructions should be complete, simple, timely, logical, implementable, written, concise, and to the point.
2. **Upward Communication:** This type of communication is observed from the lower level to the upper level. Such communication is generally observed in the form of feedback, they are provided with information about the difficulties, troubles, suggestions, necessary clarifications, reports of assigned tasks, complaints, and information necessary for decision-making.
3. **Horizontal Communication:** This type of communication is observed among employees who work at the same level. Horizontal communication helps in coordinating activities carried out by different departments. This type of communication, through mutual coordination, eliminates unnecessary waste of time and accelerates goal achievement.

2. Informal or Unofficial Communication or Grapevine Communication :

Generally, informal communication is carried out by informal groups existing within and outside the organizational structure. This type of communication does not have a formal channel or structure. This type of communication is done by any person to any person, by any method, and in any direction-like a grapevine. That is why it is also called grapevine communication. This type of unstructured informal communication system is found in all business units because humans are social animals, and therefore, communication is a natural human tendency. Employees working together in a business unit, who know each other, informally talk to each other about work-related and people-related matters. Employees are interested in knowing what is going on in the business because many things are not known through formal channels, and in the same way, they also want to know about the people they work with.

Thus, informal communication has the following characteristics

- ⇨ This type of communication is mostly oral and fast.
- ⇨ This type of communication has a grapevine chain or network.
- ⇨ In grapevine communication, the amount of false information or rumors can be low but harmful.
- ⇨ This type of communication is more situation-oriented than human-oriented.

## 11.5 Barriers / Obstacles of Communication :

The obstacles to communication and the steps to remove them are as follows :

1. **Long Structure:** Formal communication has a long structure, and therefore, there is unnecessary delay in communication. Therefore, in critical or emergency situations, this structure should be shortened.
2. **One-Way Communication System:** When a business unit has a one-way communication system, i.e., from the upper level to the lower level, the number of complaints among subordinate employees increases. Therefore, it becomes necessary to develop a two-way communication system.
3. **Inadequate Resources:** Many business units have inadequate resources for communication, which creates unnecessary delays or obstacles. Therefore, necessary resources and human resources for communication should be made available.
4. **Language:** When the language of communication is light or aggressive, it affects the feelings of the recipient of the communication. They resist the communication. When communication is in ambiguous language, the recipient

of the communication gets confused and cannot respond appropriately. Therefore, communication should be humble, simple, and in a language that the recipient of the communication understands.

5. **Attitude of the Communicator:** If the sender of information considers themselves superior, they experience ego in communicating with subordinates, and if they are arrogant, they communicate to satisfy their ego or to show their authority, status, or power. In both situations, organizational goals cannot be achieved because employees receive insufficient or unnecessary communication. Therefore, the communicator should keep themselves away from feelings of superiority or ego and communicate freely and naturally.

6. **Untimely Communication:** Often, communication is done very late, i.e., at the last minute.if communication is delayed, employees forget, and last-minute communication creates feelings of resistance or dissatisfaction among employees, and organizational goals cannot be achieved.

   Therefore, communication should be timely, neither too early nor too late.

7. **Receiver's Attitude:** If the receiver of communication is overburdened with work, they tend to neglect the communication. If they evaluate the communication immaturely or according to their own understanding, a conflict arises between the sender and the receiver. Therefore, communication should be short, simple, and consider the receiver's attitude.

8. **Fear:** If a superior fears losing their authority due to the response of a subordinate employee, they do not communicate. Subordinate employees give a false response due to fear of the superior employee. In both situations, obstacles arise in achieving the business unit's goals or resolving issues.

   Therefore, managers should create a free environment where superiors accept criticism from subordinate employees, and subordinate employees can give impartial responses.

9. **Mechanical Obstacles:** Often, due to mechanical faults or communication channels, distortion occurs in the message, and a clear or complete message cannot be sent. Therefore, business units should properly maintain communication equipment or machines. And in situations beyond control, an alternative method of communication should also be adopted.

10. **Subject Matter:** In the method of oral communication, during the flow of messages from one level to another, the meaning of the message's subject matter decreases, and the complete message does not reach the receiver, making proper implementation impossible.

Therefore, the method of written communication is desirable, and thereafter, proper implementation should be done through oral communication.

## 11.6 Process of Interpersonal Communication :

The process of interpersonal communication involves the seven steps mentioned below. 1. Sender 2. Encoding, 3. Message 4. Medium 5. Decoding 6. Receiver 7. Feedback

1. **Sender:** The communication process begins with the sender. The sender has the desired message. The sender's characteristics affect the communication process, including their attitude, credibility, other traits, personality, etc The sender takes all steps to send the message to the receiver.

2. **Encoding:** Encoding means giving form and meaning to the message. Words, symbols, gestures, graphs, diagrams, etc, are used to describe the message. Generally, at the encoding stage, the message is prepared keeping the receiver in mind, so that they can easily understand it and achieve the goal through proper implementation.

3. **Message:** The message is an important step in the communication process. The message can be in the form of a thought, request, suggestion, order, or complaint. The subject matter is clarified in the message, which includes what kind of information, how much information, to whom the information is to be sent, etc

4. **Medium:** This stage involves the method or medium for sending the message to the receiver. The message is found in oral or written form. In current circumstances, electronic media are used to send messages. Messages are also sent orally, through a peon or telephone. In written media, messages are sent in the form of paper, notice, or circular. In current circumstances, messages are also sent with the help of electronic media such as e-mail, voice mail, networked computers, or video conferencing.

5. **Decoding:** At this stage, the sender's perspective is understood. The sender's purpose, the meaning behind sending the message, and suggestions for implementation and expected results are understood. Thus, it can be said that communication is the 'transportation of understanding'.

6. **Receiver:** The receiver is the person who receives the messages and is also responsible for properly interpreting the message. The receiver must understand the message and then

7. **Feedback:** Feedback is the response given by the message recipient based on the message. This feedback is provided by the message recipient in the form of a report, a suggestion, a difficulty in implementing an order, or

necessary information in the managerial decision-making process. By receiving feedback, the message sender can correct misunderstandings in interpreting the message. If necessary, they can send another communication/message. Thus, communication is a circular process.

## 11.7 Organizational Communication

All factors discussed in interpersonal communication also apply to organizational communication. Despite this, the characteristics mentioned below hold a unique place in specific organizational communication :

1. Factors of communication
2. Organizational peace
3. Communication system

**1. Factors of communication:** The following factors play an important role in making organizational communication effective :

a. Formal medium: The formal medium of communication is controlled by managers. As a business unit develops, the scope of formal communication becomes difficult, and it becomes complex to cover all aspects and departments of the business. The formal medium obstructs the flow of information and delays communication.

b. Organizational structure: The organizational structure of a business unit plays an important role in the effectiveness of communication. The organizational structure determines the hierarchy of communication. The subject matter and accuracy of communication also depend heavily on each hierarchy or level of the organizational structure, which also changes, thereby creating obstacles for communication.

c. Job specialization: Due to job specialization, separate groups of employees are formed, and these separated employees develop their own methods of interpersonal communication to achieve institutional goals. This leads to effective communication within the group, but communication is obstructed between different groups, and delays arise in achieving institutional goals.

d. Information ownership: Every employee has specific information and knowledge about the tasks assigned to them, which helps them perform their tasks better than others. They do not want to share this information or knowledge with others, and thus they create their own monopoly or ownership, due to which free communication cannot take place in the business unit.

2. **Organizational peace:** When employees fear or are unwilling to share the information, skills, or suggestions they possess with managers, organizational unrest arises. The reason for this fear can be job or life insecurity. The reason for unwillingness can be the tendency to monopolize information or skills, disloyalty to the business unit, dissatisfaction with the business unit, managers, or work.

   Thus, organizational unrest obstructs the development of the business unit, cannot solve problems quickly or appropriately, and delays the decision-making process.

3. **Communication system:** The communication system or structure shows the nature of the flow of information between different positions/levels in business units. This nature can be seen in the form of a wheel, chain, 'Y' letter, circle, or all mediums. A communication system can also develop during interpersonal communication. If the communication system is organized, unnecessary information can be removed. Coordination between different positions/levels can be increased.

## 11.8 7c's of Communication for Effective Communication :

1. **Clear :**

   Clarity is one of the most important aspects of effective communication. A clear message ensures that the receiver understands the purpose without any confusion. To achieve clarity, the sender must be fully aware of the objective of the message and ahoose simple, precise, and familiar words. Avoiding technical jargon or explaining it when necessary also improves clarity. For instance, instead of saying, "We need to make our work processes more efficient." Clarity prevents misunderstandings and helps the receiver grasp the message quickly and accurately.

2. **Concise :**

   Conciseness means delivering the message in as few words as necessary without losing its meaning. Being concise avoids repetition, unnecessary details, and filler words that can confuse or bore the receiver. Concise communication saves time for both the sender and the receiver and ensures that the main point stands out. For example, instead of saying, "I am sending this message to inform you that the meeting has been scheduled for next Friday at 10 AM to discuss the new project," a concise version would be, "The meeting to discuss the new project is scheduled for next friday at 10 AM." Concise communication keeps the message focused and easy to remember.

3. **Concrete :**

   A concrete message is specific, definite, and supported by facts, examples, or data. It leaves no room for vague interpretations or assumptions. Using

concrete language ensures that the receiver can visualize or understand the message clearly. For instance, instead of saying, "Our sales are good," a concrete message would be, Our sales increased by 15% in the last quarter compared to the previous quarter." Concrete communication enhances credibility and makes the message more persuasive and understandable.

**4. Correct :**

Correct communication is accurate in terms of language, grammar, facts, and figures. Errors can lead to misunderstandings, loss of credibility, and confusion. Ensuring correctness involves checking the information being communicated, proofreading written messages, and using proper grammar and punctuation. For example, a statement like, "The meeting is on 32nd March" is incorrect (data inaccuracy) and can cause confusion, whereas "The meeting is on 2nd March" (data accuracy) is correct and precise. Correct communication ensures reliability and builds trust between the sender and receiver.

**5. Coherent :**

Coherence in communication means connected all parts of the message are logically and flow smoothly. A coherent message ensures that the ideas are organized, consistent, and relevant to the main topic, making it easier for the receiver to follow and understand. Coherence can be achieved by presenting points in a logical sequence, using transitional words, and maintaining consistency in tone and style. For example, in an email or report, starting with an introduction, followed by the main points, and ending with a conclusion makes the message coherent and professional.

**6. Completeness :**

Completeness ensures that the message contains all the necessary information the receiver needs to understand it fully and respond appropriately. An incomplete message can lead to confusion, delays, or wrong decisions. A complete message answers the “who, what, when, where, why, and how” of the communication. For example, instead of saying, “The report is ready,” a complete message would be, “The quarterly report is ready. I have attached it, and the meeting to discuss it is scheduled for Friday at 10 AM.” Complete communication leaves no doubts and facilitates effective action.

**7. Courteous :**

Courtesy in communication reflects politeness, respect, and consideration for the feelings of the receiver. A courteous message avoids harsh words, blame, or rudeness and often includes polite phrases like "please," "thank you," or "could you kindly." Being courteous helps build positive relationships, encourages cooperation, and reduces conflicts. For example, instead of saying, “You didn't send the report on time,” a courteous approach would

be, "I noticed the report hasn't arrived yet. Could you please send it at your earliest convenience?" Courtesy makes communication more pleasant and effective.

❖ **Exercise :**

**Q-1 Give answers of the following questions :**

1. Define communication and describe its nature in detail.
2. Describe the types of communication in detail.
3. Explain in detail the obstacles that arise in communication and the steps to overcome them.
5. Explain the process of interpersonal communication in detail.
6. Discuss organizational communication in detail.

**Q-2 Short notes :**

1. Nature of communication
2. Importance of communication
3. Oral communication
4. Downward communication
5. Formal or legal communication
6. Informal or unofficial communication
7. Barriers to communication
8. Steps to remove barriers to communication
9. Interpersonal communication
10. Organizational communication

**Q-3 Multiple choice questions :**

1. ..... is a way for a member of a business unit to provide information related to "meaning and understanding" to another member.

   (a) Information communication (b) Rope communication

   (c) Guidance (d) Culture communication

   **Answer : (a)**

2. The way to send messages through words is known as ..... communication.

   (a) Oral (b) Verbal

   (c) Written (d) Both (a) and (b)

   **Answer : (d)**

3. The way to send messages in written form through words is known as ..... communication.

   (a) Oral (b) Verbal

   (c) Written (d) None of the above

   **Answer : (c)**

4. Communication holds unique importance for .....

   (a) Institutional functioning (b) Helpful in planning

   (c) Leadership and coordination (d) All of the above

   **Answer : (d)**

5. In formal communication, ..... diversity is observed.

   (a) Communication from top to bottom level

   (b) Communication from bottom to top level

   (c) Communication at the same level

   (d) All of the above

   **Answer : (d)**

6. Informal communication is also known as .....

   (a) Informal communication (b) Grapevine communication

   (c) Bitter gourd communication (d) Both (a) and (b)

   **Answer : (d)**

7. Formal communication is ..... and .....

   (a) Impersonal, authorized (b) Personal, unauthorized

   (c) Impersonal, unauthorized (d) Personal, authorized

   **Answer : (a)**

8. Formal and informal communication are observed in ..... and ..... forms respectively.

   (a) Written, oral (b) Oral, written

   (c) Oral, verbal (d) Verbal, oral

   **Answer : (a)**

9. The sequence of the seven steps of the interpersonal communication process is .....

   (a) Sender, encoding, message, medium, decoding, receiver, feedback

(b) Sender, message, encoding, medium, decoding, receiver, feedback

(c) Sender, message, encoding, medium, decoding, feedback, receiver

(d) Sender, encoding, message, medium, decoding, feedback, receiver

**Answer : (a)**

10. The factors that make organizational communication effective are .....

(a) Informal medium (b) Organizational structure

(c) Job specialization (d) All of the above

**Answer : (d)**

12. When employees are afraid to share information, skills, or suggestions they have with managers, then ..... prevails.

(a) Organizational peace (b) Organizational unrest

(c) Conflict (d) Dispute

**Answer : (b)**

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# Unit : 12
# Managing Human Resource and Welfare Work

**12.1 Introduction**

**12.2 Meaning and Concept of Labor Welfare**

**12.2.1 Managing HR and Labour Welfare**

**12.3 Objectives of Labor Welfare**

**12.4 Importance of Labor Welfare**

**12.5 Need of Labor Welfare**

**12.6 Scope of Labor Welfare**

**12.7 Health of Employees and Workers**

**12.8 Safety of Employees and Workers**

**12.9 Social Security**

- **Exercise**

## 12.1 Introduction

In the initial stages of industrial development, laborers were considered merely as a means of production, and there was no system in place to care for their welfare. They were exploited in every way by the owners. Owners have always considered workers to be at fault in every matter. They have regarded workers only as laborers, and the focus has been on achieving more production and more profit, with no concept of welfare existing at that time. Evils such as low wages, long working hours, poor working conditions, lack of health and medical facilities, and the involvement of women and children in work emerged at that time. Seeing the plight of these laborers, some thinkers and sociologists raised their voices against it. Karl Marx's ideas awakened the working class to their situation, so that the structure built on economic and social exploitation could be changed and brought under their control, and their overall interests could be protected. The labor union movement that emerged after the First World War was also in this direction. After the First World War, the International Labor Organization (ILO) was established in 1919. This international organization has played a very important role in the field of labor welfare. Due to the labor union movement and the various policies of the International Labor Organization regarding labor welfare, governments around the world were compelled to think in the direction of labor welfare.

In a short span of time, one nation after another abandoned the policy of a free economy. On the other hand, most of the countries in the middle of the twentieth century, such as South Africa and South Asian countries, gained independence, and most of these countries adopted a democratic government approach. As a result, the International Labor Organization emerged as a powerful institution for the welfare of the working class.

Thus, today, labor welfare has a broad scope and includes almost all aspects of worker welfare. Labor welfare is a broad term. Various benefits, services, and facilities are provided by management to enrich the work and social life of employees. The work of recruiting, training, compensating, retaining, and sustaining employees in an organization also holds a prominent place in human resource management. Welfare activities are carried out in the organization keeping in mind the increase in employee well-being.

## 12.2 Meaning and Concept of Labor Welfare :

Labor welfare is a dynamic Phenomenon. It suggests many ideas and programs for the welfare of laborers. It is associated with human resources, labor, health, peace, satisfaction, etc, and can be linked with new dimensions for development. Its relation is with the mental, emotional, and moral interests of workers. Labor welfare can also be seen as a complete concept based on social and relativity, which includes matters related to physical, mental, moral emotions. All these matters are intertwined to form the structure of welfare. The concept of welfare suggests the welfare of humanity, its family, and society. Whereas the relative concept of welfare suggests matters based on welfare, time, and place. Labor welfare provides equal opportunities to workers, through which the worker and his family can live a good social and economic life. Its functioning can adjust to the changes that occur in family and social life.

The concept of welfare is a dynamic concept. From time to time, place to place, region to region, and industry to industry. It is based on people's beliefs, the state of society, economic conditions, educational development and social customs.

### 12.2.1 Managing HR and Labour Welfare :

Managing Human Resources and Labour Welfare are two essential aspects of industrial and organizational management. While Human Resource Management (HRM) focuses on effectively utilizing human talent to achieve organizational goals. Labour Welfare emphasizes improving the quality of work life and ensuring the well-being of employees. Together, they contribute to creating a motivated, productive, and satisfied workforce, which is crucial for organizational success and industrial harmony.

**There are two words: Labor and Welfare :** The word 'welfare' is derived from the English word welfare, which means well-being, comfort, and convenience. 'Labor' refers to work, a word associated with the working class. Therefore, combining labor and welfare forms labor welfare. The concept of labor welfare is dynamic and transformative. Employee welfare is related to the well-being of employees. It is a broad term that includes various services, benefits, and facilities provided toemployees.

The meaning of employee welfare is: "Efforts to live a better and more vibrant life for workers."

**According to sociologist Arthur Todd,** "Any work done by employers for the well-being of laborers and their intellectual development, in addition to their wages, even if it is not essential for the industry, is included in labor welfare."

**According to Oxford Dictionary,** "This is an effort that makes the lives of laborers worth living."

**According to Shri Panandikar,** "Labor welfare refers to activities that promote the health and safety of laborers, their well-being, and enhance the efficiency of industries, and are beyond the minimum limits set by legal provisions. These can be identified as labor welfare activities."

**Shri L.M. Joshi believes that,** "All activities undertaken by employers for the benefit of laborers are included in labor welfare. These activities are in addition to the provisions made for labor welfare in the Factories Act, and include social security for accidents, unemployment, sickness, and old age, which are mandatory minimum standards provided by law."

**According to the Encyclopedia of Sociology,** "Labor welfare is a voluntary approach of employers towards laborers, undertaken in accordance with current industrial activities, working, living, and cultural practices."

Through labor welfare activities, laborers receive more facilities from employers than what is required by law and market conditionsThe Government of India appointed an inquiry committee for labor welfare matters, and according to the committee's report, "Any work undertaken by employers, or by the government, or by

any other organization, for the intellectual, physical, moral, and economic upliftment of laborers, and which is determined by law or through collective bargaining by laborers, all of it falls within the scope of welfare activities."

"Labor welfare matters refer to such services, facilities, and practices, whether established within the scope of business or outside, that provide a suitable and conducive environment for laborers to work, enabling them to perform their duties efficiently in a healthy and cordial atmosphere. All of this provides them with a moral and healthy environment."

Welfare is fundamentally a mental attitude for managers, and it also influences how administrative activities are undertaken.

According to the definition given by the committee appointed to recommend matters of labor welfare, "Such facilities and amenities as canteens, rest houses, recreational facilities, toilets, health facilities, means of transport from home to workplace, housing facilities for laborers coming from afar, etc. can be identified as welfare activities." And other such services and facilities as social security and all those that help to make the working environment better are included." Thus, it is essential to create an environment in an organization where human resource employees can be properly maintained, an environment in which employees can work with enthusiasm, initiative, joy, individually and in groups, with satisfaction, responsibility, and loyalty, so that the employee can work more efficiently with proper discipline, self-confidence, and dignity

## 12.3 Objectives of Labour Welfare :

Labour Welfare has the following objectives :

- To provide employees with a better life and health.
- To make workers happy and satisfied.
- To relieve employees from industrial fatigue and to improve the intellectual, cultural, and material conditions of workers' lives.
- To raise the living standards of workers.
- To increase efficiency and productivity among employees.
- To increase morale and loyalty among employees.

- To increase a stable labor force and to reduce turnover and absenteeism.
- To build better relationships between the unit and employees.
- To enhance the unit's reputation and create a public image.
- To attract efficient employees.
- To fulfill legal requirements regarding worker welfare.
- To encourage team spirit and employee identification with the organization.
- To promote employee health and safety.
- To improve the quality of work life (QWL) and enhance industrial relations.

## 12.4 Importance of Labor Welfare :

Labor welfare activities improve the health of workers. Various labor welfare activities create an atmosphere of satisfaction among workers and within the unit, as a result of which employees can positively contribute to modernization and transformative work practices. Labor welfare also helps in developing the national economy. Along with increasing the productivity of units, it also helps in increasing national productivity and the national development rate. Through various labor welfare activities, workers' trust in the unit increases, and a good image of the organization is created among the workers.

Labor welfare assures employees of personal safety. Through various labor welfare activities, the basic needs of employees are satisfied, and they also get an opportunity to live a good life in society. Through various labor welfare activities, workers' satisfaction with their work and the unit increases, and their productivity and loyalty continuously improve. It plays an important role in maintaining industrial peace in the unit and fostering harmonious relations between employers and workers. Labor welfare provisions help employees to get relief from basic concerns. Through activities like housing, health, education facilities, entertainment, etc, the efficiency of work can be increased.

Social evils can be removed by the moral and mental development of employees. Worker welfare measures help to protect the interests of workers. Once workers realize that they are not being ignored and that they are an important part of the unit, their work efficiency, loyalty, morale, and enthusiasm increase.

Worker absenteeism can be reduced, and efficient employees can be retained in the unit for a long time, and new enthusiastic and efficient employees can be attracted to the unit. The industrial progress of a country depends on its committed labor force. In this regard, the importance of labor welfare was recognized as early as 1931. Historically, employee welfare measures were undertaken with the aim of

reducing absenteeism and increasing efficiency and productivity. However, labor welfare schemes are considered a profitable investment that generally brings profitable returns in the form of increased efficiency.

## 12.5 Need for Labor Welfare :

Due to the shortcomings of the Indian labor force compared to other countries, there is a greater need for labor welfare in India. If we examine the working conditions of the labor class in Indian industries, the necessity of labor welfare in India can be easily understood. India is in the stage of industrial development. Labor has not achieved a distinct identity in Indian industries. Employees have not been developed beyond units. Thus, the scope of labor management relations has not been widely developed in India. Whereas in Western countries, labor is considered a partner in matters related to industry.The attitude of Western countries towards workers is sympathetic, and they provide various welfare facilities to improve industrial relations and working conditions. Working conditions in Indian industries are not satisfactory. Workers have to work long hours in unhygienic environments, and there is no way to alleviate the harshness of their lives. In the informal atmosphere of urban industrial life, they easily fall victim to social evils. A satisfied, stable, and efficient workforce cannot be created without improving their living conditions. Indian workers are poorer than workers in other Western countries and cannot afford to spend anything on their own welfare. An Average Indian Labourers Lacks formal education and are generally accused of being irresponsible and lazy. The importance of welfare work is greater in India than in the West.

The need for labor welfare work in India is greater than in other countries due to the following reasons :

**(1) Lack of a strong trade union movement :**

The trade union movement in India is still in its nascent stage and is not strong enough to protect its interests. In industrial and developed countries, workers are strongly organized into trade unions. Due to the lack of strong trade union power in our country, the welfare of laborers is not effectively looked after by employers and the government.

**(2) Lack of literacy and education :**

Compared to other countries, the percentage of educated workers is very low, and as a result, they are not in a position to understand their interests and the interests of employers and society. Therefore, labor welfare is more necessary in India.

**(3) Lack of healthy Environment :**

Workers do not have healthy means of Environment and other facilities. As a result, they get involved in crime and other wrongdoings. Therefore, it is necessary to provide healthy forms of Environment.

**(4) Industrial backwardness :**

From the perspective of industrial backwardness, Indian industries are far behind compared to other countries. The success of Industrial programs depend on the efficiency of labor. Welfare measures encourage workers and maintain their efficiency and productivity.

## 12.6 Scope of Labor Welfare :

The activities of labor welfare cover the place and conditions in which workers are performing their duties. In addition, it also covers their families and their communities. Welfare activities in a factory are only a part of the overall welfare activities. How they live in society, how far the factory where they work is from their residence, what their family life is like, all these factors affect their work. Therefore, it is very difficult to clearly define the scope of labor welfare activities and their benefits. Especially when it is a reality that workers are surrounded by their circumstances and constantly changing complex processes, and when the world is undergoing transformation, it becomes necessary to change the unchangeable provisions regarding the scope of labor welfare. Furthermore, there has been an increase in opportunities and a need to address various situations. At that time, the scope of labor welfare activities is also increasing, and it is also growing with the increase in knowledge and experience in work skills. Considering the various areas of labor welfare activities, some requirements regarding labor welfare must be fulfilled.

- It empowers workers to live better and more satisfying lives.
- It increases the efficiency of workers and the capacity of industries.
- It should be timely and alongside other services.
- Moreover, it should be suitable for the society in which they live and the area where the industry is located.
- It needs to be administratively sustainable for a long time and continuously evolving.

With the acceptance of dynamism and flexibility, the field of welfare should be viewed from all sides.

In short, the scope of labor welfare should include the following:

(1) Labor welfare activities should encompass all levels of the organization. The management of the organization should have a welfare-oriented approach at every level.

(2) The employer should not treat labor welfare as an alternative to permanent wages or financial incentives in negotiations with workers. In other words, in addition to labor welfare measures, fair and regular wages are the right of workers.

(3) There should be proper coordination of various labor welfare measures within the organization. Moreover, there should be uniformity in them.

(4) The labor welfare work of the organization should be administratively viable and necessarily development-oriented.

(5) Managers should provide their full cooperation in labor welfare programs. In addition, labor unions and workers should have an active role in the formulation and implementation of labor welfare programs.

(6) Labor welfare activities should be evaluated from time to time, and necessary improvements should be provided as supplements at the appropriate time. Because, as we know, labor welfare activities change according to time and circumstances.

Statutory provisions related to workers' welfare have been published by the Government of India under various laws. The Factories Act, 1948, the Mines Act, 1952, the Motor Transport Workers Act, 1961, the Dock Workers (Safety, Health and Welfare) Act, 1951, the Merchant Shipping Act, 1961, the Plantations Labour Act, 1951, the Merchant Shipping Act, 1958, the Coal Mines Welfare Fund Act, 1974, and the Mines Labour Welfare Fund, etc Minimum standards for workers' health, safety, and welfare. Employers comply with these provisions.

❖ Labor Welfare :

Labor, human resource maintenance and welfare activities result in the creation of good working conditions for laborers and provide good housing and good family and social life. It improves the socio-economic and moral condition of laborers, as well as working conditions, which include light, ventilation, proper temperature, noise, cleanliness, toilets, canteens, rest rooms, clean drinking water, lockers, paid holidays, all of which are included in labor welfare. In addition to these facilities, which are beyond the workplace of an industrial unit, are for the families of laborers. For example, housing, health facilities,

educational facilities, means of entertainment, transportation facilities, all of these are included in labor welfare activities. In fact, the entire field of labor welfare is such a field where much can be done to remove the feeling of despair prevailing in the lives of workers and their families, so that they become free from worries related to themselves and their families, achieve good health and are ready to perform well, and can achieve a broad vision of living a life with an excellent place in society. In this way, labor welfare is a broad aspect of the national program, which provides a good life to a large group of workers and provides good facilities and amenities for working, which makes the life of the working class worthy of living comfortably.

## 12.7 Health of Employees and Worker :

Organizations are bound to provide a safe and healthy environment for their employees. It indicates health in terms of physical, mental, and emotional safety. The main objective of health and safety policies is a safe interaction and working environment for people. Poor working conditions adversely affect employee efficiency.

❖ **Necessity of Industrial Health :**

- ⇨ To improve the physical, social, and mental health of workers.
- ⇨ To improve the quality and productivity of workers.
- ⇨ To reduce any type of accident injuries, worker absenteeism, and worker turnover rate.
- ⇨ To protect workers from any type of crisis related to working conditions.

❖ **Health-related Legal Provisions :**

The Factories Act, 1948, provides the following health-related services for workers.

**(1) Cleanliness (Section-11) :**

Every factory must be kept clean. Dust or waste accumulated on the workplace, seating area, stairs, or passages must be properly disposed of daily, and all these places must be clean. Where necessary, cleaning with disinfectants is also essential.

**(2) Disposal of Spoiled or Dirty Substances (Section-12) :**

It is necessary to have an effective system for rendering useless or disposing of spoiled or dirty substances or liquids generated due to production activities in every factory.

**(3) Air Circulation and Temperature (Section-13) :**

In every factory, there should be adequate arrangements for the circulation of fresh air at every workplace, where workers get proper rest and effective and appropriate arrangements should be made to maintain and regulate the temperature so that their health is not harmed.

Walls or roofs should be made of such materials and in such a way that the temperature does not increase and remains as low as possible. If the work going on in the factory is such that a lot of heat is generated or is likely to be generated, then sufficient steps should be taken to protect the worker by keeping them away from the workplace or by making hot parts heat-resistant or by other effective means.

**(4) Dust and Fumes (Section-14) :**

In any factory where dust or fumes are generated due to ongoing production activities, or where there is a possibility of harm to the workers working there, and such other unclean substances are emitted to such an extent or are generated in large quantities, effective steps should be taken in every such factory to prevent them from entering the nose and accumulating in any working room, and for this purpose, if any exhaust equipment is necessary, then that dust."

## 12.8 Safety of Employees and Workers :

Employee and worker safety is one of the most essential aspects of labour welfare. It focuses on protecting workers from physical, mental, and social risks that may arise during the course of their employment. Ensuring safety at the workplace not only reduces accidents and injuries but also promotes efficiency, job satisfaction, and overall well-being among employees.

❖ **Meaning of Safety in Labour Welfare :**

Safety in labour welfare refers to all the measures, policies, and practices adopted by employers to prevent workplace accidents, occupational diseases, and injuries. It forms part of the broader concept of labour welfare, which aims to improve the quality of work life and provide a healthy working environment.

❖ **Importance of Workplace Safety :**

1. Prevention of Accidents: Proper safety measures, such as using protective equipment and maintaining machinery, help reduce workplace accidents.

2. Health Protection: Ensuring safe and hygienic working conditions prevents occupational hazards like respiratory problems, hearing loss, or chemical exposure.
3. Employee Morale: When employees feel safe, their confidence and morale increase, leading to higher productivity and loyalty.
4. Legal Compliance: Labour laws and industrial safety regulations require employers to provide a safe working environment. Compliance prevents legal penalties and improves organizational reputation.
5. Economic Benefits: Reducing accidents lowers compensation costs, medical expenses, and downtime, benefiting both employers and workers.

❖ **Measures for Ensuring Worker Safety :**

1. Safety Training: Workers should receive proper training on operating machinery, handling materials, and following emergency procedures.
2. Protective Equipment: Employers must provide personal protective gear such as helmets, gloves, masks, and safety shoes.
3. Regular Inspections: Machinery, electrical systems, and workspaces should be inspected regularly to detect and correct potential hazards.
4. Health and Safety Committees: These committees, consisting of management and employee representatives, monitor workplace safety and recommend improvements.
5. Emergency Preparedness: Fire drills, first-aid training, and evacuation plans help workers respond effectively in case of emergencies.
6. Safe Work Design: Proper lighting, ventilation, ergonomic furniture, and controlled noise levels create a safer work environment

Employers have the primary responsibility to provide safe working conditions, conduct risk assessments, and ensure compliance with safety laws. The government enforces safety standards through legislation such as the Factories Act, 1948, and Occupational Safety, Health and Working Conditions Code, 2020. Labour departments also conduct inspections and awareness programs to promote industrial safety. Safety of employees and workers is not merely a legal obligation but a moral and social responsibility. A safe workplace fosters trust, motivation, and productivity, while minimizing losses from accidents and ill health. Therefore, organizations should integrate safety as a key component of their labour welfare programs to ensure the holistic well-being of their workforce.

## 12.9 Social Security :

Social security is a vital part of labour welfare that aims to provide protection to workers and their families against economic and social distress caused by unforeseen events such as illness, unemployment, old age, disability, or death. It ensures that workers lead a life of dignity and stability, even when they are unable to earn due to circumstances beyond their control.

Social security refers to a set of public measures designed to provide income security and health protection to workers. It includes both social insurance (where workers and employers contribute to a fund) and social assistance (where the government provides direct support to those in need). The concept is based on the idea of collective responsibility and human welfare.

❖ **Objectives of Social Security :**

1. **Protection against risks:** To safeguard workers from life's uncertainties such as illness, accidents, and unemployment.
2. **Economic stability:** To ensure a steady income during periods when workers cannot work.
3. **Social justice:** To reduce inequality and provide support to vulnerable groups.
4. **Improved living standards:** To help workers maintain a decent standard of living even in adverse situations.
5. **Industrial peace:** To promote harmonious relations between employers and employees by providing a sense of security.

❖ **Types of Social Security Measures :**

1. **Social Insurance Schemes :**
   - ⇨ **Employees' State Insurance (ESI):** It provides medical care and cash benefits during sickness, maternity, or employment injury.
   - ⇨ **Provident Fund (PF):** A retirement benefit where both employer and employee contribute to a fund payable at the time of retirement or resignation.
   - ⇨ **Pension Schemes:** It provides regular income after retirement.
   - ⇨ **Gratuity:** A lump sum payment to employees as a reward for long-term service.

2. **Social Assistance Schemes :**

   - ⇨ **Old Age Pension:** It gives financial help to elderly persons who have no regular income.
   - ⇨ **Maternity Benefit Programs:** Support for women during and after childbirth.
   - ⇨ **Unemployment Allowance:** Temporary financial aid to workers who lose their jobs.

3. **Other Welfare Measures :**

   - ⇨ **Workmen's Compensation:** Compensation for injury or death arising out of employment.
   - ⇨ **Health and Family Welfare Programs:** Medical facilities and preventive health care services.

Social security is an essential pillar of labour welfare, ensuring that workers are not left helpless during difficult times. It reflects a society's commitment to fairness, compassion, and human dignity. A sound social security system not only protects the workforce but also contributes to the overall progress of the nation by fostering stability, equality. It promotes workers' well-being and social stability.

❖ **Exercise :**

**Q-1 MCQ :**

1. Labour welfare refers to :

   A) Activities that improve employees' comfort and well-being

   B) Salary increments only

   C) Disciplinary actions against workers

   D) Trade union politics

   **Answer : (A)**

2) Welfare activities can be classified into :

   A) Legal and illegal

   B) Statutory and non-statutory

   C) Internal and external trade

   D) Permanent and temporary jobs

   **Answer : B**

3) The responsibility for labour welfare in an organization primarily lies with :

A) Government only

B) Trade unions only

C) Employers and management

D) Consumers

**Answer : C**

4) Which of the following is a benefit of effective labour welfare programs?

A) High employee turnover

B) Increased absenteeism

C) Improved productivity and job satisfaction

D) Reduced employee morale

**Answer : C**

5) Which of the following focuses on maintaining employee satisfaction and motivation?

A) Financial accounting

B) Human Resource Management

C) Quality Control

D) Production Management

**Answer : B**

**Q-2 Give answers of the following Questions :**

1) Give Meaning of Labour walfare and write about the Concept of Labor Welfare.

2) Write a note on Managing HR and Labour Welfare.

3) Explain the Importance of Labor Welfare.

4) What is the Need of Labor Welfare? Explain.

5) Discuss Scope of Labor Welfare.

6) Write a note on Health of Employees and Workers.

7) Elaborate on Safety of Employees and Workers.

8) Short note: Social Security

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# Unit : 13
# Trade Unions

**13.1 Introduction**

**13.2 Definition of Trade Union**

**13.3 Concept of Trade Union**

**13.4 Objectives of Trade Union**

**13.5 Functions of Trade Union**

**13.6 Development of Labor Organizations**

**13.7 Duties and Responsibilities of Labor Organizations**

- **Exercise**

## 13.1 Introduction

Trade unions are associations of workers or organizations formed by labor, workers, or employees to achieve their demands for better conditions in their work environment. A labor union or trade union is an organization of employees who have joined together to achieve goals in areas such as wages and working conditions. Unions try to protect workers through contracts, terms, and negotiations with employers against insecure or unfair working conditions, so that employee satisfaction is maintained. This improves employee efficiency and increases the productivity of the unit, thereby maintaining industrial peace and enabling the unit, employees, and society to develop.

Trade unions or labor organizations are governed by different laws in various countries. They must follow the registration process and method for the formation of a trade union as per the laws of the country. The structure of a trade union within the legal framework of their country holds privileges granted by trade union laws. The privileges or rights of a trade union must assign specific duties to workers with respect. The primary objective of a trade union is collective bargaining. In India too, trade unions can be formed. Only individuals involved in trade or business can form trade unions.

## 13.2 Definition of trade union :

Various authors and thinkers have defined trade unions differently which are as follows :

- **According to Lester,** "A trade union is primarily an organization of employees formed to maintain or improve the employment conditions of its members."
- **In G.D.H. Cole's view,** "A trade union is an association or institution of workers in one or more occupations, whose purpose is to protect and advance the economic interests of its members in relation to their daily work."
- **According to Edwin B. Flippo,** "A labor union or trade union is an organization of employees, which, through collective action, is formed for the promotion, protection, and improvement of the social, economic, and political interests of its members."
- **A trade union is** "a continuous working group of wage earners with the aim of maintaining and improving the conditions of working life."

Labor unions or trade unions are organizations formed by workers in related fields. They work for the common interest of their members. They help workers with issues such as fair wages, good working environment, working hours, and benefits. They represent a cluster of workers and provide a link between management and workers.

A labor union is a voluntary organization of employees that protects their interests through collective action. It is formed on a plant basis, industry standard, firm basis, regional basis, or national basis.

A trade union, also known as a labor union, is formed by a group of workers in a particular trade, industry, or company, through collective bargaining, with the aim of improving wages, benefits, working conditions, or social and political status.

## 13.3 Concept of Trade Union

The industrial revolution, industrialization, and mechanization in England and other countries are largely responsible for the emergence of trade unions. Labor organizations are formed with the aim of protecting employees from exploitation and improving their conditions. The purpose of these organizations is to investigate workers' grievances and present a collective voice to management. Therefore, it acts as a medium of communication between employees and management.

Regulation of relations, settlement of grievances, raising new demands on behalf of workers, collective bargaining, and negotiations are other key principled functions that these trade unions perform. A labor union or trade union is an organization that promotes and protects the interests of its members through collective action.

## 13.4 Objectives of Trade Union

The main objective of any trade union is to protect the interests of workers - employees in the organization. However, the interests or welfare of workers is a broad term that includes various topics such as wages and salaries, working conditions, working hours, promotion, recruitment and classification, training, discipline, holidays, dearness allowance, transport, other allowances, bonus, incentives, quarters, canteen, employee relations, union welfare, etc Thus, trade unions are formed to negotiate on behalf of individual workers in matters of various items. However, labor organizations specifically focus their attention on achieving the following objectives.

**1. Wages and Salaries :**

The main focus of a trade union is on wages and salaries, although this topic may be related to policy matters. However, the main difference arises in the process of their implementation. In the case of the unorganized sector, trade unions play an important role in bargaining for salary standards.

**2. Favorable working conditions :**

With the aim of protecting the health of workers, trade unions ensure the creation of proper working conditions. Such as adequate ventilation and light arrangements at the workplace, toilets, adequate safety equipment for hazardous work, proper arrangements for drinking water, minimum working hours, holidays and pay, social security benefits and other welfare measures, etc

**3) Discipline :**

Trade unions not only organize negotiations on matters of items, but also improve their working conditions, but when employees become victims of unilateral actions and disciplinary policies of management, they provide protection from the grip of the manager. These allegations can also be of suspension or dismissal in the final stage. In such circumstances, the worker who is a victim can contact the trade union and ultimately this matter is brought to the attention of the management by the trade union and it fights against the management for justice regarding the injustice done to an individual worker.

**4) Employee Policies :**

Trade unions work for justice against improper implementation of employee policies in the context of recruitment, selection, promotion, transfer and training, etc

**5) Welfare :**

As mentioned earlier, trade organizations are for the welfare of employees. A trade union acts as a guide, a consulting authority and cooperates with employees to face problems. It can bring various difficulties of workers such as in the context of sanitation, hospitals, quarters, schools and colleges for the cultural and social problems of their children to the attention of the management through collective bargaining, meetings.

**6) Employee-Employer Relations :**

Harmonious relations between employees and employers are very essential for industrial peace. Trade unions always strive to achieve this objective. However, bureaucratic attitudes and unilateral thinking of management lead to conflict in the organization which ultimately disrupts the relations between employees and management. With the aim of promoting industrial peace, trade unions, as representatives of all workers, can continuously negotiate with management.

**7) Safeguarding Institutional Health and Industrial Interests :**

The health of an organization can be diagnosed by developed methods for grievance redressal and techniques adopted to reduce absenteeism and labor turnover rates and improve employee relations. Through their effective work, trade unions can achieve employee satisfaction. In this way, trade unions can reduce absenteeism, reduces the rate of absenteeism and helps in the development of a systematic grievance redressal procedure leading to well-organized industrial relations. Thus, trade unions can contribute to improvements at the level of production and productivity, discipline and improvements in the quality of working life.

## 13.5 Functions of Trade Union

To achieve its objectives, a trade union performs numerous functions. These functions can be broadly classified into three categories.

**1. Militant Functions :**

A group of activities carried out by trade unions results in improving the condition of their members in relation to their employment. The purpose of

such activities is to ensure adequate wages, good jobs and job security, to obtain better facilities from employers, etc When unions fail to fulfill these objectives through collective bargaining and negotiation methods, they adopt a militant approach and present opposition to management in the form of slow-down strategies, strikes, boycotts, gheraos, etc Therefore, these functions of trade unions represent militant or combative functions. Thus, the purpose of the militant functions of trade unions can be considered as follows:

- ⇨ To achieve higher wages and better working conditions.
- ⇨ To improve the status of workers as part of the industry.
- ⇨ To protect labor against injustice.

**2. Welfare Functions :**

The second group of activities carried out by trade unions aims to provide assistance to its members in times of need and to improve their efficiency. Trade unions strive to promote a spirit of cooperation and friendly industrial relations and to spread education and culture among their members. They take welfare measures to improve the morale of workers and to instill self-confidence among them. If necessary, they also arrange for legal aid for their members. In addition, they undertake many welfare measures for their members. For example, schools for children's education, libraries, reading rooms, indoor and outdoor games and other recreational facilities, and some trade unions also undertake the publication of some magazines or journals.

These activities, known as welfare functions, depend on the availability of funds, which are collected through members' subscriptions and donations from outside individuals. In this way, the welfare functions of trade unions can be summarized as follows :

- ⇨ To take welfare measures to improve the morale of workers.
- ⇨ To instill self-confidence in workers.
- ⇨ To promote honesty and discipline among employees.
- ⇨ To provide opportunities for promotion and growth.
- ⇨ To protect women workers against discrimination.

**3. Social Functions :**

In addition to the main economic objectives of employees to meet their material needs, to activate workers, to improve employment rules and

conditions, some organizations have now started to undertake and plan welfare activities and provide various services to their members. Sometimes they can be grouped under the heads of the community of which they are a part.

- ⇨ Welfare activities to improve the quality of working life, including mutual fund institutions, cooperative credit societies, housing, cooperative stores, cultural programs, banking and medical facilities, and training for women in various handicrafts to help increase their family income.
- ⇨ Education on all aspects of a worker's working life so that their civic life improves, and employees become aware of their surrounding environment. Especially activities to educate them on related issues such as their legal and other rights and responsibilities.
- ⇨ Plans, and some central union organizations also seek government assistance to implement worker education plans. For this, they act to resolve their grievances.
- ⇨ To communicate with members of the labor union, to inform about the policies of the trade union, the union publishes some newspapers or magazines which also include information about key members such as birth, death, marriage, promotion, and achievements.
- ⇨ Various researches are also conducted by some members of the union regarding workers' problems, their activities, their welfare services, etc, which prove useful to the employer during collective bargaining or negotiations.

**4. Political Functions:**

This work involves connecting the union with political parties, helping political parties with registered members, collecting donations, and seeking help from political parties during strikes and lockouts.

Thus, the functions of trade unions include collective bargaining with management to obtain a good working environment for employees, providing safety to workers, checking the recruitment and dismissal of employees, and assisting management in resolving workers' grievances at the appropriate level. Negotiating matters such as working hours, benefits, wages, and medical facilities, and other welfare schemes. It also includes developing cooperation with employers and giving opinions in favor of labor/employee interests.

## 13.6 Development of Labour Organizations

❖ **Early Period :**

Attempts to organize employees for their welfare were made by social workers, philanthropists, and other religious leaders during the early period of industrial development. The first Factories Act, 1881, was passed based on the recommendations of the Bombay Factory Commission, 1875. Due to the limitations of the Act, workers under the leadership of N.M. Lokhande of the Bombay Textile Industry demanded a reduction in working hours, a weekly holiday, and accident compensation. The Bombay Mill Owners' Association accepted the demand for a weekly holiday. As a result, Lokhande established the first labor union in India in 1890, named the Bombay Mill Hands Association. It also published a labor journal called "Dinbandhu".

Some important organizations established during this period are: Indian and Burmese Railway Employees (1897), Printers Union, Calcutta (1905), and Bombay Postal Union (1907), Kamgar Hitwardhak Sabha (1910), and Social Service League (1910).

After the outbreak of the First World War in the country, the labor movement began in normal circumstances. The establishment of the International Labor Organization in 1919 helped in the formation of trade unions in the country. The Madras Labor Union was systematically established in 1919. Numerous trade unions were established between 1919 and 1923. Category-wise unions like the Spinners Union and Weavers Union came into existence in Ahmedabad under the inspiration of Mahatma Gandhi. These organizations were later amalgamated into an industrial association known as the Ahmedabad Textile Labor Association. This union is structured on organized lines and operates based on the Gandhian philosophy of mutual trust, cooperation, and non-violence.

The most important year in the history of the Indian Trade Union movement is 1920, when the All India Trade Union Congress (AITUC) was formed as a result of the need to select representatives for the International Labor Organization (ILO). This is the country's first Indian trade union. The first meeting of the AITUC was held in October 1920 in Bombay (now Mumbai) under the presidency of Lala Lajpat Rai. The formation of the AITUC led to the establishment of the All India Railwaymen's Federation (AIRF) in 1922.

A splinter group of the AITUC formed the All India Trade Union Federation (AITUF) in 1929. In 1931, the communists formed a divided All India Red Trade Union Congress. Thus, division was more common during this period. The All India Trade Union Federation also merged with the AITUC. A convention of the unified AITUC was held in Nagpur in 1940, but this unity did not last long. There were two groups in the AITUC, and one group supported the war while the other opposed it. The supporting group established its central organization as the Indian Federation of Labor.

Through the efforts of the Indian National Congress, the Indian National Trade Union Congress (INTUC) was formed by splitting from the AITUC. Socialists, separate from the AITUC, formed the Hind Mazdoor Sabha (HMS) in 1948. With the merger of the HMS, radicals formed another union in 1949 under the name of the United Trade Union Congress. The country's union movement was divided into four separate central organizations during the short period from 1946 to 1949. Some other intermediary federations were also formed.

There are 37,586 registered unions in the country in 2022, which include registered unions and more than 70 federations and associations registered under the Trade Unions Act, 1926. The proportion of organization in the organized industrial sector is reasonably high. It is negligible in agriculture and unorganized sectors.

Indian employees include 430 million workers, which increases by 2% every year. Indian labor markets include three sectors: rural workers, who constitute approximately 60% of employees. The organized sector, which employs 8% of employees, and the urban informal sector (which includes the growing software industry and other services, not including the formal sector, which constitutes the remaining 32% of employees). Currently, there are twelve central trade union organizations in India. Such as,

1. All India Trade Union Congress (AITUC)
2. Bharatiya Mazdoor Sangh (BMS)
3. Centre of Indian Trade Unions (CITU)
4. Hind Mazdoor Kisan Panchayat (HMKP)
5. Hind Mazdoor Sabha (HMS)
6. Indian Federation of Free Trade Unions (IFFTU)
7. Indian National Trade Union Congress (INTUC)

8. National Front Indian National Trade Unions (NFITU)
9. Rashtriya Shram Sangathan (NLO)
10. Trade Unions Coordination Centre (TUCC)
11. United Trade Union Congress (UTUC) and
12. All India United Trade Union centre (AIUTK) - a central trade union organisation that was formerly known as United Trade Union Congress - Lenin Sarani (UTUC-LS)

Thus, the labor union movement emerged for the purpose of working for the improvement of workers' lives and protecting their interests and rights. From a small beginning, this movement has now grown into a global movement to achieve social justice, economic equality, and the preservation of democratic values of life.

## 13.7 Duties and Responsibilities of Labor Organizations :

According to trade union laws, every registered trade union will have specific functions for the achievement of specific purposes, which are further detailed. The primary objective of a trade union is to protect workers from exploitation and oppression by management or employers. In addition, the responsibility and duty of each trade union is to support the management for its operations and to contribute positively by encouraging workers for the overall efficiency improvement of the organization or company.

**1) Protection of workers' interests :**

Most industries try to make maximum use of workers. They do not provide increases in their wages, proper compensation, or other benefits. Even after many years of service, employees are not made permanent, and in some cases, they are removed from service. Trade unions provide protection to employees in such circumstances.

**2) Provision of labor welfare :**

The economic condition of industrial workers in India is very poor. The standard of living is very low. Most industrial workers in India are uneducated or semi-educated. It is the responsibility of the trade union to ensure that they receive proper housing facilities and to promote the socio-economic welfare of workers. Trade unions also try to arrange educational facilities for the children of employees.

**3) Trade unions working for the progress of employees :**

Trade unions present their case to employers to improve the economic conditions of employees and try to get proper bonuses for workers.

**4) Role of mediation :**

Trade unions play an important role in bringing the difficulties and complaints of employees to the notice of employers. They try to arrange face-to-face meetings and thus try to establish contacts between employees and employers.

**5) Safety facilities for workers :**

Most industrialists are not eager to provide facilities and proper working conditions to employees.The employer is more interested in getting their work done to the maximum extent. In such situations, trade unions fight on behalf of the laborers and help in getting safety and working facilities from the management.

**6) Establishment of contacts between workers and employers :**

Trade unions play an important role in bringing the difficulties and complaints of employees to the attention of employers. They try to arrange face-to-face meetings and thus try to establish contacts between employees and employers.

**7) Increase in cooperation and welfare among workers :**

Modern industry is complex and demands specialization in jobs. As a result, it leads to the division of labor, which leads to individual development and the development of formal relationships. As a result, trade unions become necessary and trade unions encourage friendship and unity among workers. In addition, they discuss problems that are common to all employees. It is a platform where employees come together and know each other. The feeling of unity among employees is strengthened in trade unions.

In addition, there are also duties and responsibilities such as providing better wages to workers so that their economic condition can improve, creating safe and good working conditions for workers, securing bonuses for workers from the company's profits, ensuring stable employment for workers, and opposing management plans that reduce employment opportunities. Providing legal aid to workers in connection with disputes related to work and wage payments, and protecting laborers' jobs against layoffs, etc

❖ **Summary :**

Trade unions encourage friendship and unity among workers. In addition, trade unions also discuss problems that are common to all employees. It is a platform where employees come together and are not eager to provide proper working conditions. They are more interested in getting their work done to the maximum extent. In such situations, trade unions fight on behalf of the laborers and ensure that they are provided with facilities by the management

❖ **Exercise :**

**Q-1 Give answers to the following questions :**

1. What are trade unions? Define them and describe their concept.
2. What are trade unions? Desccess their objectives.
3. Clarify the concept of trade unions and describe their functions.
4. Write a detailed note on the development of trade unions.

**Q-2 Short questions :**

1. What are the revolutionary works of the Labor Union?
2. What are the welfare works of the Labor Union?
3. What are the social works of the Labor Union?
4. Explain the Political Fuctions of the Labor Union.

**Q-3 MCQ :**

1. A trade union is primarily formed to_____

   A. Maximize profits for employers

   B. Represent and protect the interests of workers

   C. Promote political parties

   D. Manage industrial enterprises

   **Answer : B. Represent and protect the interests of workers**

2. The main objective of a trade union is to :

   A. Increase employee workload

   B. Strengthen employer control

   C. Improve working conditions and wages

   D. Support management decisions

   **Answer : C. Improve working conditions and wage**

3. The process of negotiation between employers and trade unions is known as_____

   A. Mediation

   B. Arbitration

   C. Collective bargaining

   D. Industrial adjudication

   **Answer : C. Collective bargaining**

4. Which of the following is not a function of a trade union?

   A. Protecting workers' rights

   B. Promoting workers' welfare

   C. Conducting training and education

   D. Deciding government policies directly

   **Answer : D. Deciding government policies directly**

5. Trade unions are recognized under which Act in India?

   A. Factories Act, 1948

   B. Trade Unions Act, 1926

   C. Industrial Disputes Act, 1947

   D. Minimum Wages Act, 1948

   **Answer : B. Trade Unions Act, 1926**

6. Which of the following is a limitation of trade unions?

   A. They enhance collective strength of workers

   B. They sometimes engage in political activities

   C. They promote cooperation between workers and employers

   D. They ensure fair treatment of employees

   **Answer : B. They sometimes engage in political activities**

7. The primary reason for the formation of trade unions is_____

   A. To increase management profits

   B. To protect employees from unfair labor practices

C. To reduce government interference

D. To eliminate all forms of work discipline

**Answer : B. To protect employees from unfair labor practices**

8. One of the challenges faced by trade unions today is :

A. Decline in industrialization

B. Lack of worker participation

C. Rapid technological change and informal employment

D. Increase in government support

**Answer : C. Rapid technological change and informal employment**

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# Unit : 14
# Industrial Relations

**14.1 Introduction**

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## 14.1 Introduction

In human resource management, the relationships between business owners and employees or workers are considered important. Industrial relations encompass the relationships and interactions between management and employees within an organization. It is a multidisciplinary field that studies the employment relationship, including the roles of labor unions, employer organizations, and government regulations. The newer name, "Employment Relations" is increasingly taking precedence because "Industrial relations" is often seen to have relatively narrow connotations. Industrial Relations refer to the system of relationships that exist between the employees, employers, and the government in an industrial setting. It focuses on the interactions that arise out of the employment relationship and the way these interactions influence the functioning of an organization as well as the overall industrial environment of a country.

It is a broad concept that deals not only with the day-to-day relationship between management and workers but also with the wider social, economic, and legal framework that governs employment. The aim of industrial relations is to maintain harmony and cooperation in the workplace while ensuring fairness and justice for all parties involved.

## 14.2 Industrial Relations-meaning

Industrial relations have become one of the most delicate and complex problems of modern industrial society. Industrial progress is impossible without harmonious relations and cooperation between employees and employers. Creating and maintaining harmonious industrial relations is in the interest of employees, employers, and society. The term industrial relations refers to the relationships between management and labor or between employees. industrial relations are necessary to ensure industrial peace and increase productivity.

- The term Industrial Relations is made up of two words i.e. Industry and Relations.
- Industry refers to any productive activity in which an individual or group is engaged for the purpose of earning a livelihood.
- Relations signify the interactions and connections among people at work.

Therefore, Industrial Relations can be understood as the study and practice of managing relationships between employers and employees in an industrial setting. It emphasizes the importance of mutual respect, understanding, and collaboration for achieving industrial peace and higher productivity.

### 14.2.1 Concept of Industrial Relations :

The term 'industrial relations' includes two words: 'industry' and 'relations'. 'Industry' means any productive activity in which an individual or a group of individuals is involved, and 'relations' here refers to the relationships between employees and management, i.e., the director. Industrial relations primarily involve interactions between employers, employees, government, institutions, and organizations. Furthermore, industrial relations cover all aspects of employment relations, including human resource management, employee relations, and labor unions. It also focuses on the study and practice of relations related to collective bargaining, trade organizations, and labor management.

### 14.2.2 Definition :

Different authors have defined industrial relations in different ways.

In the words of Lenner, "Industrial relations are attempts to reach solutions between conflicting objectives and values, between profit motive and social benefit, between authority and industrial democracy, between discipline and freedom, between bargaining and cooperation, and between the conflicting interests of individual groups and the community."

- ⇨ **According to Dale Yoder,** "Industrial relations describe relationships between management and employees, or among employees and their organizations, that arise out of employment."
- ⇨ **According to I.L.O.** (International Labour Organization), "Industrial relations are concerned with the relations between the state and employers and workers' organizations or professional organizations."
- ⇨ **According to J.T. Dunlop,** "Industrial relations are complex internal relations between managers, workers, and government agencies."
- ⇨ **According to Bethel and Others,** "Industrial relation is that part of management which is concerned with the manpower of the enterprise whether machine operator, skilled worker or manager."

Industrial relations generally refer to the collective relations between employers (owners, management, management) and employees (workers, laborers) as a group. Industrial relations are the result of employment relations in an industrial unit and discuss the importance of reconciliation and adaptability instead of conflict and dispute to resolve disputes between labor and management.

### 14.2.3 Objectives of Industrial Relations :

The main objective of industrial relations is to maintain harmonious relations between employers and employees. Industrial relations study the laws, rules, and institutions that regulate the workplace.

1) To protect the interests of labor and management by ensuring a high level of mutual understanding in the production process and in all departments operating within the unit.

2) To develop harmonious relations to avoid industrial conflict or disputes, which is an essential factor in the productivity of workers and the industrial progress of the country.

3) To reduce employee absenteeism due to illness and prevent employees from leaving the unit quickly, thereby increasing overall employment and improving productivity.

4) To establish the concept of industrial democracy and encourage its development through employee participation in profits and management decisions, so that the size of industries and the personality of employee-owners can be enhanced, benefiting the nation.

5) It is also necessary to eliminate or reduce problems like strikes, lockouts, and gheraos through fair wages, improved quality of life, and better working conditions.

6) To improve the economic condition of workers in the current political situation and industrial management.

Thus, the fundamental objective of industrial relations is to maintain harmonious relations between employees and employers. Additionally, to improve the economic condition of workers and regulate production by reducing industrial disputes through state control, industrial relations are crucial for empowering workers by involving them in management and giving them opportunities to make decisions, resolving their problems through negotiations and consultations with management, strengthening the power of workers, developing collective power of employees, encouraging labor unions, and avoiding industrial disputes and their consequences by expanding and maintaining industrial democracy.

### 14.2.4 Characteristics of Industrial Relations :

The characteristics of Industrial relations are as follows :

1) Industrial relations are relationships that arise from the interaction between employers and employees.

2) Industrial relations are a framework of rules created by the interaction of the government, industrial units, and workers. It includes relations between owners and workers, as well as labor organizations, employer organizations, and the government.

3) Industrial relations have a multidimensional perspective, influenced by complex institutional, economic, and technological factors.

4) Industrial relations change over time. Generally, they keep pace with employee expectations, trade union involvement, employer engagement, and other economic and social institutions in society. Beyond the legal framework, these social groups generally influence the direction of industrial relations within a country.

5) The system of industrial relations is characterized by both conflict and resolution from both sides. Considering the interests of society and mutual interests, both employers and employees should develop a spirit of compromise and adaptability and agree with each other. Factors responsible for contradictory situations need to be resolved through constructive means.

6) The government also plays a role in influencing and shaping industrial relations with the help of laws, rules, and regulations.

7) The scope of industrial relations is broad, including grievances, disciplinary actions, ethics, standing orders, collective bargaining, participatory schemes, dispute resolution methods, etc

Thus, industrial relations have characteristics and components such as the interaction of employers and employees, being multidimensional, dynamic and changeable, a spirit of compromise and adaptation, the role of the government, and a broad scope.

## 14.3 Importance of Industrial Relations

In industrial relations, the following three parties directly play an important role.

**A)** **Employer (Owner):** The employer has the right to hire and dismiss employees, and also has the right to keep their factory or unit running, close it, or move it to another location, or merge or incorporate it.

**B)** **Employee, i.e., Job seeker:** Workers strive to ensure that their terms and conditions of employment are worker-centric. They can present their ideas to the employer and also submit their grievances. Generally, a labor union is formed so that they can unite and satisfy their demands and resolve grievances.

**C)** **Government:** The state government regulates industrial relations through laws, rules, agreements, and courts, which also include third parties such as labor and tribunal courts.

Thus, industrial relations are very important for running industries efficiently and profitably, and for creating a satisfying work environment for employees and workers regarding their work. Healthy industrial relations are the key to progress and success.

**1) Continuous Production :**

The most important benefit of industrial relations is that they ensure continuity of production. Full utilization of employment resources becomes possible. As a result, maximum production can be easily achieved, and a continuous flow of income is maintained for all parties. Harmonious industrial relations also affect industries that depend on the goods we produce. This becomes extremely important, especially when our goods are exported.

**2) Reduction in Industrial Disputes :**

Good industrial relations reduce industrial disputes. Strikes, lockouts, go-slow tactics, complaints, etc. tend to disturb industrial peace. If the basic needs or demands of employees can be satisfied through good relations, then no dispute will arise in the industrial unit. Industrial relations prove helpful in increasing production and cooperation.

**3) High Morale :**

Good industrial relations increase the morale of employees. Employees work with enthusiasm, keeping in mind that their interests and the organization's interests are the same. Every employee feels that they are a partner in the benefits arising from the industry. On the other hand, the owner also generously shares the additional profits with the employees. In other words, the success of industrial peace lies in the unity of thought and action. The status of workers in society increases. Their ego is satisfied, which naturally affects production, because joint efforts can produce good results.

**4) Mental Revolution :**

The main objective of industrial relations is the complete mental peace of employees and workers. New relations work in conjunction with a true sense of democracy. Both parties should consider themselves partners in the industries. On the other hand, workers should recognize the authority of the owner, and if both parties recognize, understand, and value each other's

interests, industrial peace will naturally be established, bringing various benefits to workers, employees, owners, government, and society.

**5) Reduction in Waste :**

Through good industrial relations, each party values its own and each other's interests, considers the unit as its own, and works efficiently with morale and enthusiasm. Therefore, maximum production is achieved; at the same time, waste of machinery, materials, and human resources is also reduced. The controversial effects on work due to dissatisfaction can also be eliminated.

Thus, it is clear that good industrial relations are the basis for maximum production with minimum cost and high profit, which also results in increased efficiency of workers. New schemes for employee welfare can be implemented, which encourage employee morale. If both rapid national development and social justice are to be achieved simultaneously, then harmonious relations between management and labor are very essential.

## 14.4 Steps to Improve Industrial Relations :

To achieve better industrial relations, the following steps are necessary. They are explained as below :

**1) Strong and stable union :**

For good industrial relations, it is essential to have a strong and stable employee union in every industrial enterprise. There should be strong and stable organizations in each unit to represent the majority of workers, which can present the employees' terms of service, rules, their reasonable demands, and proper grievances to the management.

**2) Mutual trust :**

Both owners and employees should contribute to developing an atmosphere of cooperation. The union should persuade its members to work for the common goals of the organization, similarly, management should adopt a progressive approach and recognize the rights of employees and workers. Efforts should be made to increase and maintain mutual trust between both parties. Resolving disputes through peaceful methods would be appropriate.

**3) Worker participation in management :**

Employee participation in the management of an industrial unit, their advice, and other methods should be encouraged through effective utilization. This will improve communication between managers and workers, increase productivity, and lead the unit towards greater effectiveness.

**4) Faithful Implementation of agreements :**

It is essential for management to faithfully implement agreements made with labor unions. If management acts irresponsibly in this regard or fails to implement agreements despite understandings, it will break the atmosphere of trust, resulting in the creation of an uncertain environment. To prevent this and maintain peace in the unit, faithful implementation of every agreement by the owner is very necessary.

**5) Role of government :**

The government should play an active role in promoting industrial peace. A law should be made for mandatory recognition of representative unions in every industrial unit. If management and workers are unable to resolve their disputes, the disputes should be resolved. This will re-establish industrial harmony. Thus, for achieving industrial peace and maximum productivity, harmonious and peaceful industrial relations between workers and management are very necessary. When the relationship between parties develops into dissatisfaction and disputes or conflicts arise, the interests of both parties are harmed. Therefore, both parties must value clarity, trust, and cooperation in their day-to-day dealings.

## 14.5 Approaches to Industrial Relations :

Industrial disputes are the result of many socio-economic, psychological, and political factors. Various approaches have been used to explain the multidimensional nature of industrial relations.

**1) Psychological Approach :**

Many problems in industrial relations lie in the psychological perceptions of management, unions, and workers. Conflicts arise between labor and management because each group views the other party's behavior negatively. That is, even the honest intentions of the other party are viewed with suspicion. The problem is exacerbated by various factors such as income, status, education, communication, values, beliefs, customs, goals of individuals and groups, prestige, power, status, recognition, security, etc, which are both economic and non-economic factors. Perceptions towards each other affect industrial relations. Industrial peace is mainly the result of proper attitudes and the vision of the two parties.

**2) Sociological Approach :**

An industrial unit is actually a social world. The perception of change in industry, workers' attitudes are determined by broad social factors such as

institutions, customs, structural changes, status symbols, understanding, acceptance or resistance to change, culture of tolerance, etc What industry does is inseparable from society. The main function of industry is economic in important areas such as urbanization, social mobility, problems of housing and transport, family structures, and the breakdown of stress and tension in industrial areas, as industries develop. A new industrial social structure emerges, which generally provides new relationships, institutions, and behavior patterns, and new techniques for managing human resources. This affects the development of industrial relations.

**3) Human Relations Approach :**

According to the human relations approach, individuals are motivated by various social and psychological factors, not merely by earnings or income, but are influenced by human behavior, feelings, emotions, and attitudes. Informal work groups play an important role in shaping employees' attitudes and performance. People do not like the idea of being treated like machines. In fact, a major problem in industrial relations arises from the tension created by employer pressure and employee reactions, resistance, and counter-pressure against these pressures in the form of workers' organizations, associations, and trade unions. Managers need to have effective social skills to reduce conflict in the workplace.

**4) Giri Approach :**

According to Shri V.V. Giri, collective bargaining and negotiations between management and labor should be used for the settlement of industrial disputes. He suggested that bilateral machinery in every industry and in every unit of industry should resolve differences periodically with active encouragement from the government. Outside interference should not infringe upon industrial peace. Voluntary efforts of management and trade unions should be used to remove differences. They are against compulsory adjudication, which uproots the trade union movement. He advocated collective bargaining to achieve industrial peace. The essence of this approach is internal resolution, voluntary negotiations, and collective bargaining.

**5) Gandhian Approach :**

Gandhiji accepted the right of workers to strike but warned cautiously that this right should be exercised only when there is a reasonable cause, peacefully and non-violently. The principle of trusteeship advocated by him emphasizes the fact that property belongs to society, not to the owners of the unit. Owners are to serve the interests of society. The Gandhian approach to owner-

employee relations is based on the fundamental principles of truth and non-violence. If employers adhere to the principle of trusteeship.There is no room for conflict of interests between capital and labor. Gandhiji suggested that in the process of resolving disputes, the following guidelines can be observed:

1. Workers should avoid forming unions in unfair organizations.
2. Workers should resolve their public demands only through collective action.
3. In essential service industries, they should avoid strikes as much as possible.
4. Workers should use strikes only as a last resort after all other legal measures have failed.
5. If they want to organize a trade union strike, it should be done by all workers through voting authority, using non-violent methods and remaining peaceful.

## 14.6 Reasons for conflict in Industrial Relations :

Especially in difficult economic times, conflicts arise in industrial relations between labor and management over issues such as wages and benefits, layoffs, safety, working hours, and unionization. Every industrial dispute is the result of some or other kind of dissatisfaction among the working class or employers. These can be economic issues. Non-economic issues such as denial of leave, demand to work in a specific department or location, and sometimes irrational behavior can also escalate the level of industrial disputes. The main reasons for industrial disputes are as follows :

**1. Economic reasons**

**2. Organizational reasons**

**3. Social reasons**

**4. Psychological reasons**

**5. Political reasons**

**1. Economic reasons :**

Low wages and adverse working conditions are the main reasons for undesirable relations between management and labor. Unauthorized deductions from wages, lack of other financial benefits, absence of promotion opportunities, dissatisfaction with job evaluation and performance appraisal systems, and faulty incentive schemes are other economic reasons. When

employers deny fair wage conditions to the efficient class, trade union movements and industrial conflicts become rampant. Inadequate infrastructural facilities, improper plant and machinery, unsatisfactory maintenance, and other physical and technical reasons also contribute to industrial conflict.

**2. Organizational reasons :**

Poor communication systems, weakness in supervision and command, non-recognition of trade unions, unfair practices, violation of collective agreements, and standing orders and labor laws are organizational reasons for conflicts arising in industrial relations.

**3. Social reasons :**

Uninteresting work is the main social reason. The factory system and specialization have made the worker secondary to the machine. The worker has lost the feeling of pride and satisfaction in the job. Tensions and conflicts in society, division in the joint family system, increasing intolerance lead to weak employer-employee relations. Dissatisfaction with job and personal life reaches its peak in industrial disputes.

**4. Psychological reasons :**

Job insecurity, inappropriate organizational culture, recognition of quality and impact, authoritarian administration, and weak interpersonal relations are psychological reasons for unsatisfactory employer-employee relations.

**5. Political reasons :**

The political nature of trade unions, multiple unions, and inter-union rivalry weakens the trade union movement. In the absence of strong and responsible trade unions, collective bargaining becomes ineffective. The status of the union is limited only to the strike committee.

Union leaders become outsiders by giving false promises to workers. They make excessive demands on employers. When employers do not accept their demands, it spoils the atmosphere of employer-employee relations in the country.

Industrial disputes reduce labor productivity. The quantity and quality of work suffer, and costs increase. Industrial discipline decreases, and labor

turnover and absenteeism increase. The working class suffers due to industrial decline. They find it very difficult to get improved wages and working conditions. They become frustrated and disheartened.Industrial relations resist changes in technology and institutional frameworks. Industry, economy, and society are interdependent. Therefore, industrial strikes affect the economy and society. Social tensions and law and order problems increase other social evils. Thus, weak employer-employee relations are harmful to all.

Harmonious industrial relations lead to rapid industrial development and increased productivity. This can result in higher wages and other financial benefits for workers. Constructive approaches, well-related organizations, proper procedures and policies, bilateral communities, etc. are very important for the promotion and maintenance of industrial relations. Industrial relations relate to the relationship between management and workers and the role of regulatory methods in resolving any industrial dispute. Industrial relations include both individual and collective relationships.

❖ **Conclusion :**

Industrial Relations is a vital aspect of organizational and national development. A healthy industrial relations climate leads to sustained economic growth, employee satisfaction, and social justice by balancing the interests of all stakeholders in the industrial system.

❖ **Exercise :**

**Q-1 Give answer to the following questions :**

1. What are industrial relations? Describe its importance in detail.
2. Describe the steps to improve the state of industrial relations.
3. Discuss the various approaches to industrial relations.
4. Describe in detail the reasons for conflict in industrial relations.

**Q-2 Short questions :**

1. Explain the objective of industrial relations.
2. Explain the social approach to industrial relations.
3. Explain the human relations approach to industrial relations.
4. Explain the holistic approach to marketing.

**Q-3 MCQ :**

1. Reasons for conflict in industrial relations includes _____.

   a) Economic reasons

   b) Organizational reasons

   c) Social reasons

   d) All of them

   **Answer : d) All of them**

2. Many problems in industrial relations lie in the_____ perceptions of management, unions, and workers.

   a) Psychological

   b) Sociological

   c) Both

   d) None of them

   **Answer : a) Psychological**

3. "Industrial relations are concerned with the relations between the state and employers and workers' organizations or professional organizations."

   a) Dale Yoder,

   b) ILO

   c) J.T. Dunlop

   d) None of them

   **Answer : b) ILO**

4. Creating and maintaining harmonious industrial relations is in the interest of employees, employers, and _____

   **Answer : society**

5. Industrial relations are relationships that arise from the interaction between employers and _____.

   a) Employees

   b) Union

c) Both

d) None of them

**Answer : a) Employees**

6. The main objective of industrial relations is _____.

a) Profit maximization

b) Harmonious employer-employee relationship

c) Market expansion

d) Reducing competition

**Answer : b) Harmonious employer-employee relationship**

7. Which of the following is a factor affecting industrial relations ?

a) Government Policies

b) Trade unions

c) Economic conditions

d) All of the above

**Answer : D) All of the above**

8. Trade union represent_____.

a) Employers

b) Employees

c) Customers

d) Government

**Answer : b) Employees**

9. Collective bargaining is _____.

a) Negotiation between an individual employee and employer

b) Negotiation between a group of employees and employer

c) Court proceedings

d) Government policy formulation

**Answer : b) Negotiation between a group of employees and employer**

10. Industrial Disputes Act was enacted in_____.

    a) 1965

    b) 1947

    c) 1970

    d) 1986

    **Answer : b) (1947)**

11. Strike is_____.

    a) Temporary stoppage of work by employees

    b) Wage negotiation

    c) Employer policy

    d) Hiring process

    **Answer : A) Temporary stoppage of work by employees**

12. Lockout is initiated by_____.

    a) Employees

    b) Government

    c) Employer

    d) Trade union

    **Answer : C) Emloyer**

13. Grievance handling refers to_____.

    a) Ignoring employee complaints

    b) Resolving employee complaints

    c) Wage negotiation

    d) Recruitment process

    **Answer : b) Resolving employee complaints**

14. Which of the following is an unfair labor practice ?

    a) Traning employees

    b) Preventing formation of a union

c) Providing leave

d) Promoting employees

**Answer : b) Preventing formation of a union**

15. Arbitration in industrial disputes means_____.

a) Court decision

b) Negotiation by a neutral third party

c) Employee protest

d) Employer lockout

**Answer : b) Negotiation by a neutral third party**

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## યુનિવર્સિટી ગીત

સ્વાધ્યાયઃ પરમં તપઃ
સ્વાધ્યાયઃ પરમં તપઃ
સ્વાધ્યાયઃ પરમં તપઃ

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

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