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M.Com.

PART - 1

BUSINESS MANAGEMENT
PAPER - I

HUMAN RESOURCE MANAGEMENT

(Revised Syllabus w.e.f Academic Year 2014-15)

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Recommended Books:

1. Management of Human Resource (A Behavioural approach to personnel) by Darovedo R.S. / Oxford and IBH Publishing Co., New Delhi - 1952.
2. Personnel Management (Management of Human Resources) by Dr. C. B. Mmoria / Himalaya Publishing. House, Bombay - 1980.
3. Designing and Managing Human Resource Systems by Udai Pareek and T. Vnkateswara Rao / Oxford and IBH Publishing Co., New Delhi - 1981.
4. Managing Human Resource, Productivity, Quality of Work life, Profits by Wayne F Cascio / McGraw Hill International Editions - 1986.
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10. Hand book of Human Resource Management by Nadley Leonard, John Wileys and Sons - 1984.

11. Human Resource Development - The Recent Experience by Sievera.

12. Readings in Human Resource Development by T V Rao.

13. Recent Experience in HRD by T V Rao and D Perera.

14. Training for Development by Perera and Linton.

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INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

Unit Structure

1.0 OBJECTIVES

After studying this unit, you will be able to:

- Understand the basic concepts of human resource management (HRM).
- Explain what human resource management is and how it relates to the management process.
- Provide an overview of functions of HRM.
- Describe how the major roles of HR management are being transformed.
- Explain the role of HRM in the present millennium.

1.1 INTRODUCTION

Human beings are social beings and hardly ever live and work in isolation. We always plan, develop and manage our relations both consciously and unconsciously. The relations are the outcome of our actions and depend to a great extent upon our ability to manage our actions. From childhood each and every individual acquire knowledge and experience on understanding others and how to behave in each and every situations in life. Later we carry forward this learning and understanding in carrying and managing relations at our workplace. The whole context of Human Resource Management revolves around this core matter of managing relations at work place.

Since mid 1980's Human Resource Management (HRM) has gained acceptance in both academic and commercial circle. HRM is a multidisciplinary organizational function that draws theories and ideas from various fields such as management, psychology, sociology and economics.

There is no best way to manage people and no manager has formulated how people can be managed effectively, because people are complex beings with complex needs. Effective HRM depends very much on the causes and conditions that an organizational setting would provide. Any Organization has three basic components, People, Purpose, and Structure.

That predicted future is today's reality. Most managers in public- and private sector firms of all sizes would agree that people truly are the organization's most important asset. Having competent staff on the payroll does not guarantee that a firm's human resources will be a source of competitive advantage. However in order to remain competitive, to grow, and diversify an organization must ensure that its employees are qualified, placed in appropriate positions, properly trained, managed effectively, and committed to the firm's success. The goal of HRM is to maximize employees' contributions in order to achieve optimal productivity and effectiveness, while simultaneously attaining individual objectives (such as having a challenging job and obtaining recognition), and societal objectives (such as legal compliance and demonstrating social responsibility).

1.2 MEANING AND DEFINITION OF HUMAN RESOURCE MANAGEMENT

HRM is the study of activities regarding people working in an organization. It is a managerial function that tries to match an organization's needs to the skills and abilities of its employees.

1.2.1 Definitions of HRM

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

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

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

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

Generally HRM refers to the management of people in organizations. It comprises of the activities, policies, and practices involved in obtaining, developing, utilizing, evaluating, maintaining, and retaining the appropriate number and skill mix of employees to accomplish the organization's objectives. The goal of HRM is to maximize employees' contributions in order to achieve optimal productivity and effectiveness, while simultaneously attaining individual objectives (such as having a challenging job and obtaining recognition), and societal objectives (such as legal compliance and demonstrating social responsibility).

In short Human Resource Management (HRM) can be defined as the art of procuring, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient manner.

1.2.2 Nature of HRM

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

The following constitute the core of HRM

1. **HRM Involves the Application of Management Functions and Principles.** The functions and principles are applied to acquiring, developing, maintaining and providing remuneration to employees in organization.
2. **Decision Relating to Employees must be integrated.** Decisions on different aspects of employees must be consistent with other human resource (HR) decisions.
3. **Decisions Made Influence the Effectiveness of an Organization.** Effectiveness of an organization will result in

betterment of services to customers in the form of high quality products supplied at reasonable costs.

4. **HRM Functions are not confined to Business Establishments Only** but applicable to non-business organizations such as education, health care, recreation and like.
   HRM refers to a set of programmes, functions and activities designed and carried out in order to maximize both employee as well as organizational effectiveness.

1.3 COMPONENTS OF HRM / SCOPE OF HRM

The scope of HRM is indeed vast. All major activities in the working life of a worker – from the time of his or her entry into an organization until he or she leaves the organizations comes under the purview of HRM. The major HRM activities include HR planning, job analysis, job design, employee hiring, employee and executive remuneration, employee motivation, employee maintenance, industrial relations and prospects of HRM.

The scope of Human Resources Management extends to:

- All the decisions, strategies, factors, principles, operations, practices, functions, activities and methods related to the management of people as employees in any type of organization.

- All the dimensions related to people in their employment relationships, and all the dynamics that flow from it.

American Society for Training and Development (ASTD) conducted fairly an exhaustive study in this field and identified nine broad areas of activities of HRM.

These are explained below:

a) **Human Resource Planning:** The objective of HR Planning is to ensure that the organization has selected the right types of persons at the right time at the right place. It prepares human resources inventory with a view to assess present and future needs, availability and possible shortages in human resource. Thereupon, HR Planning forecast demand and supplies and identify sources of selection. HR Planning develops strategies both long-term and short-term, to meet the man-power requirement.

b) **Design of Organization and Job:** This is the task of laying down organization structure, authority, relationship and responsibilities. This will also mean definition of work contents for each position in the organization. This is done by "job description". Another important step is "Job specification".

Job specification identifies the attributes of persons who will be most suitable for each job which is defined by job description.

c) **Selection and Staffing:** This is the process of recruitment and selection of staff. This involves matching people and their expectations with which the job specifications and career path available within the organization.

d) **Training and Development:** This involves an organized attempt to find out training needs of the individuals to meet the knowledge and skill which is needed not only to perform current job but also to fulfill the future needs of the organization.

e) **Organizational Development:** This is an important aspect whereby "Synergetic effect" is generated in an organization i.e. healthy interpersonal and inter-group relationship within the organization.

f) **Compensation and Benefits:** This is the area of wages and salaries administration where wages and compensations are fixed scientifically to meet fairness and equity criteria. In addition labour welfare measures are involved which include benefits and services.

g) **Employee Assistance:** Each employee is unique in character, personality, expectation and temperament. By and large each one of them faces problems everyday. Some are personal some are official. In their case he or she remains worried. Such worries must be removed to make him or her more productive and happy.

h) **Union-Labour Relations:** Healthy Industrial and Labour relations are very important for enhancing peace and productivity in an organization. This is one of the areas of HRM.

i) **Personnel Research and Information System:** Knowledge on behavioral science and industrial psychology throws better insight into the workers expectations, aspirations and behaviour. Advancement of technology of product and production methods have created working environment which are much different from the past. Globalization of economy has increased competition many fold. Science of ergonomics gives better ideas of doing a work more conveniently by an employee. Thus, continuous research in HR areas is an unavoidable requirement. It must also take special care for improving exchange of information through effective communication systems on a continuous basis especially on moral and motivation.

HRM is a broad concept; personnel management (PM) and Human resource development (HRD) are a part of HRM.

1.4 OBJECTIVES OF HRM

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

1) **Human capital :** assisting the organization in obtaining the right number and types of employees to fulfill its strategic and operational goals
2) **Developing organizational climate**: helping to create a climate in which employees are encouraged to develop and utilize their skills to the fullest and to employ the skills and abilities of the workforce efficiently
3) Helping to maintain performance standards and increase productivity through effective job design; providing adequate orientation, training and development; providing performance-related feedback; and ensuring effective two-way communication.
4) Helping to establish and maintain a harmonious employer/employee relationship
5) Helping to create and maintain a safe and healthy work environment
6) Developing programs to meet the economic, psychological, and social needs of the employees and helping the organization to retain the productive employees
7) Ensuring that the organization is in compliance with provincial/territorial and federal laws affecting the workplace (such as human rights, employment equity, occupational health and safety, employment standards, and labour relations legislation). To help the organization to reach its goals
8) To provide organization with well-trained and well-motivated employees
9) To increase the employees satisfaction and self-actualization
10) To develop and maintain the quality of work life
11) To communicate HR policies to all employees.
12) To help maintain ethical polices and behavior.

The above stated HRM objectives can be summarized under four specific objectives: societal, organizational, and functional and personnel.

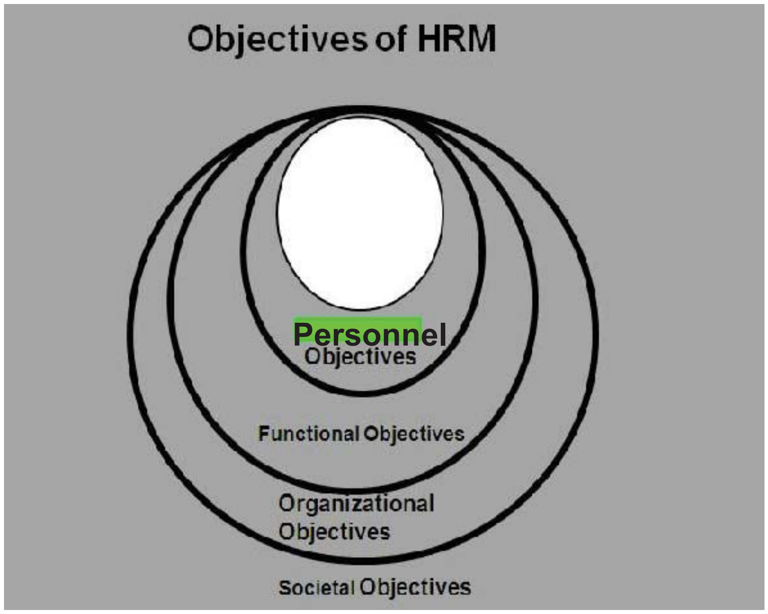

Figure 1.1 Objectives of HRM

1) **Societal Objectives**: seek to ensure that the organization becomes socially responsible to the needs and challenges of the society while minimizing the negative impact of such demands upon the organization. The failure of the organizations to use their resources for the society's benefit in ethical ways may lead to restriction.

2) **Organizational Objectives**: it recognizes the role of HRM in bringing about organizational effectiveness. It makes sure that HRM is not a standalone department, but rather a means to assist the organization with its primary objectives. The HR department exists to serve the rest of the organization.

3) **Functional Objectives:** is to maintain the department's contribution at a level appropriate to the organization's needs. Human resources are to be adjusted to suit the organization's demands. The department's value should not become too expensive at the cost of the organization it serves.

4) **Personnel Objectives:** it is to assist employees in achieving their personal goals; at least as far as these goals enhance the individual's contribution to the organization. Personal objectives of employees must be met if they are to be maintained, retained and motivated. Otherwise employee

Table 1.1 HRM Objectives and Functions

	HRM Objectives	Supporting Functions
1.	Societal Objectives	Legal compliance Benefits Union- management relations
2.	Organizational Objectives	Human Resource Planning Employee relations Selection Training and development Appraisal Placement Assessment
3.	Functional Objectives	Appraisal Placement Assessment
4.	Personal Objectives	Training and development Appraisal Placement Compensation Assessment

1.5 ROLE OF HRM

The role of HRM is to plan, develop and administer policies and programs designed to make optimum use of an organizations human resources. It is that part of management which is concerned with the people at work and with their relationship within enterprises. Its objectives are: (*a*) effective utilization of human resources, (*b*) desirable working relationships among all members of the organizations, and (*c*) maximum individual development. Human resources function as primarily administrative and professional. HR staff focused on administering benefits and other payroll and operational functions and didn't think of themselves as playing a part in the firm's overall strategy.

HR professionals have an all encompassing role. They are required to have a thorough knowledge of the organization and its intricacies and complexities. The ultimate goal of every HR person should be to develop a linkage between the employee and organization because employee's commitment to the organization is crucial.

The first and foremost role of HR personnel is to impart continuous education to the employees about the changes and challenges facing the country in general and their organization in particular. The employees should know about the balance sheet of the company, sales progress, and diversification of plans, share price movements, turnover and other details about the company. The HR professionals should impart such knowledge to all employees through small booklets, video films and lectures.

The primary responsibilities of Human Resource managers are:

- To develop a thorough knowledge of corporate culture, plans and policies. To act as an internal change agent and consultant
- To initiate change and act as an expert and facilitator To actively involve in company's strategy formulation
- To keep communication line open between the HRD function and individuals and groups both within and outside the organization\
- To identify and evolve HRD strategies in consonance with overall business strategy.
- To facilitate the development of various organizational teams and their working relationship with other teams and individuals.
- To try and relate people and work so that the organization objectives are achieved efficiently and effectively.
- To diagnose problems and determine appropriate solution particularly in the human resource areas.
- To provide co-ordination and support services for the delivery of HRD programmes and services
- To evaluate the impact of an HRD intervention or to conduct research so as to identify, develop or test how HRD In general has improved individual and organizational performance.

Different management gurus have deliberated different roles for the HR manager based on the major responsibilities that they full fill in the organization. Few of the commonly accepted models are enumerated below.

Pat Mc Lagan has suggested nine roles that are played by HR practitioners

1. To bring the issues and trends concerning an organization's external and internal people to the attention of strategic decision makers and to recommend long term strategies to support organizational excellence and endurance.

2. To design and prepare HR systems and actions for implementation so that they can produce maximum impact on organizational performance and development.

3. To facilitate the development and implementation of strategies for transforming one's own organization by pursuing values and visions.

4. To create a positive relationship with the customer's by providing them with the best services; to utilize the resources to the maximum and to create commitment among the people who help the organization to meet the customers needs whether directly connected or indirectly connected to the organization.

5. To identify the learning needs hence to design and develop structured learning programmes and materials to help accelerate learning for individuals and groups.

6. To enable the individuals and groups to work in new situations and to expend \and change their views so that people in power move from authoritarian to participative models of leadership.

7. To help employees to assess their competencies, values and goals so that they can identify, plan and implement development plans.

8. He also assists the individual employee to add values in the workplace and to focus on the interventions and interpersonal skills for helping people change and sustain change.

9. He assesses the HRD practices and programmes and their impact and to communicate results so that the organization and its people accelerate their change and development.

According to **Dave Ulrich** HR play's four key roles.

1. **Strategic Partner Role**-turning strategy into results by building organizations that create value;

2. **Change Agent Role**- making change happen, and in particular, help it happen fast

3. **Employees Champion Role**—managing the talent or the intellectual capital within a firm

4. **Administrative Role**—trying to get things to happen better, faster and cheaper.

The role HR in organizations has undergone an extensive change and many organizations have gradually oriented themselves from the traditional personnel management to a human resources management approach. The basic approach of HRM is to perceive the organization as a whole. Its emphasis is not only on production and productivity but also on the quality of life. It seeks to achieve the paramount development of human resources and the utmost possible socio-economic development.

CURRENT ROLE OF HR MANAGER

According to R.L Mathis and J. H. Jackson (2010) several roles can be fulfilled by HR management. The nature and extent of these roles depend on both what upper management wants HR management to do and what competencies the HR staff have demonstrated. Three roles are typically identified for HR. The focus of each of them, as shown in Figure 1.is elaborated below:

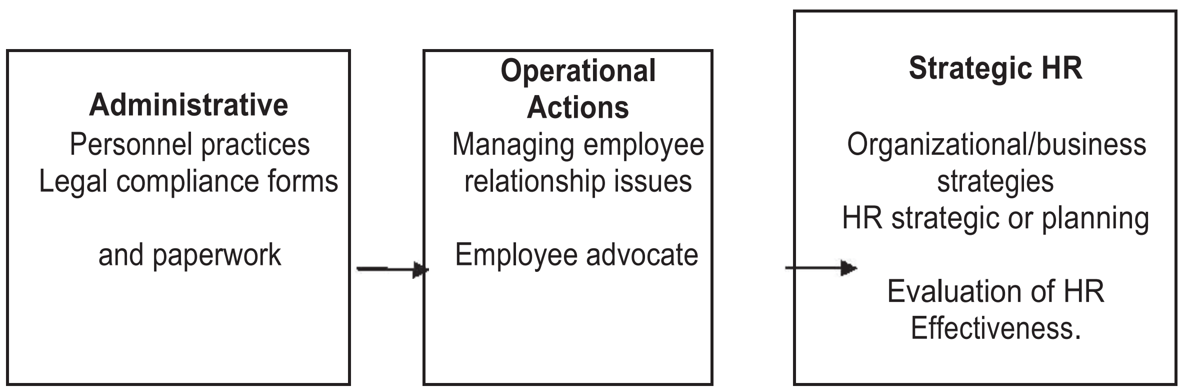

Figure 1.2 Current Classification of HR MNAGER's role

1. Administrative Role of HR

The administrative role of HR management has been heavily oriented to administration and recordkeeping including essential legal paperwork and policy implementation. Major changes have happened in the administrative role of HR during the recent years. Two major shifts driving the transformation of the administrative role are: Greater use of technology and Outsourcing.

Technology has been widely used to improve the administrative efficiency of HR and the responsiveness of HR to employees and managers, more HR functions are becoming available electronically or are being done on the Internet using Web-based technology.

Increasingly, many HR administrative functions are being outsourced to vendors. This outsourcing of HR administrative activities has grown dramatically in HR areas such as employee assistance (counseling), retirement planning, benefits administration, payroll services, and outplacement services.

2. Operational and Employee Advocate Role for HR

HR managers manage most HR activities in line with the strategies and operations that have been identified by management and serves as employee "champion" for employee issues and concerns.

HR often has been viewed as the "employee advocate" in organizations. They act as the voice for employee concerns, and spend considerable time on HR "crisis management," dealing with employee problems that are both work-related and not work-related. Employee advocacy helps to ensure fair and equitable treatment for employees regardless of personal background or circumstances.

Sometimes the HR's advocate role may create conflict with operating managers. However, without the HR advocate role, employers could face even more lawsuits and regulatory complaints than they do now.

The operational role requires HR professionals to cooperate with various departmental and operating managers and supervisors in order to identify and implement needed programs and policies in the organization. Operational activities are tactical in nature. Compliance with equal employment opportunity and other laws is ensured, employment applications are processed, current openings are filled through interviews, supervisors are trained, safety problems are resolved, and wage and benefit questions are answered. For carrying out these activities HR manager matches HR activities with the strategies of the organization.

3. Strategic Role for HR

The administrative role traditionally has been the dominant role for HR. However, as Figure 1.4 indicates that a broader transformation in HR is needed so that significantly less HR time and fewer HR staffs are used just for clerical work.

Differences between the operational and strategic roles exist in a number of HR areas. The strategic HR role means that HR professionals are proactive in addressing business realities and focusing on future business needs, such as strategic planning, compensation strategies, the performance of HR, and measuring its results. However, in some organizations, HR often does not play a key role in formulating the strategies for the organization as a whole; instead it merely carries them out through HR activities.

Many executives, managers, and HR professionals are increasingly seeing the need for HR management to become a greater strategic contributor to the “business” success of organizations. HR should be responsible for knowing what the true cost of human capital is for an employer. For example, it may cost two times key employees’ annual salaries to replace them if they leave. Turnover can be controlled though HR activities, and if it is successful in saving the company money with good retention and talent management strategies, those may be important contributions to the bottom line of organizational performance.

However, even though this strategic role of HR is recognized, many organizations still need to make significant progress toward fulfilling it. Some examples of areas where strategic contributions can be made by HR are:

a. Evaluating mergers and acquisitions for organizational “compatibility,” structural changes, and staffing needs.
b. Conducting workforce planning to anticipate the retirement of employees at all levels and identify workforce expansion in organizational strategic plans.
c. Leading site selection efforts for new facilities or transferring operations to international outsourcing locations based on workforce needs.
d. Instituting HR management systems to reduce administrative time, equipment, and staff by using HR technology.
e. Working with executives to develop a revised sales compensation and incentives plan as new products.

It is the era when for the competitive triumph of the organization there is a need to involve HRM significantly in an integrated manner, which demands such capabilities from the HR specialists.

The role of HR shifted from a facilitator to a functional peer with competencies in other functions, and is acknowledged as an equal partner by others. The HR is motivated to contribute to organizational objectives of profitability and customer satisfaction, and is seen as a vehicle for realization of quality development. The department has a responsibility for monitoring employee satisfaction, since it is seen as substitute to customer satisfaction.

According to McKinsey’s 7-S framework model HR plays the role of a catalyst for the organization. According to this framework, effective organizational change is a complex relationship between seven S’s. HRM is a total matching process between the three Hard S’s (Strategy, Structure and Systems) and the four Soft S's (Style, Staff, Skills and Super-ordinate Goals). Clearly, all the S's have to complement each other and have to be aligned towards a single corporate vision for the organization to be effective. It has to be realized that most of the S's are determined directly or indirectly by the way Human Resources are managed, and therefore, *HRM must be a part of the total business strategy.*

1.6 HRM IN THE NEW MILLENNIUM

Human Resources have never been more indispensable than today. The competitive forces that we face today will continue to face in the future demanding organizational excellence. In order to achieve this extended quality, organization's need to focus on learning, quality development, teamwork, and reengineering. These factors are driven by the way organizations implement things and how employees are treated.

1. HR Can Help in Dispensing Organizational Excellence: To achieve this paradigm shift in the organization excellence there is a need for organizations to reform the way in which work is carried out by the Human Resource department. By designing an entirely new role and agenda that results in enriching the organization's value to customers, investors and employees, HR can help in delivering organizational excellence. This can be carried out by helping line managers and senior mangers in moving planning from the conference room to the market place and by becoming an expert in the way work is organized and executed.

Profitability through growth, technology, intellectual capital, and other competitive challenges that the companies are facing while adjusting to uncontrollably challenging changes in business environment. The novel role of HR is to rapidly turn strategy into action; to manage processes intelligently and efficiently; to maximize employee contribution and commitment and to construct favorable conditions for flawless change.

2. Human Resource Should be a Strategy Partner: HR should also become a partner in strategy executions by propelling and directing serious discussions of how the company should be organized to carry out its strategy.

Creating the conditions for this discussion involves four steps. First HR need to define an organizational architecture by identifying the company's way of doing business. Second, HR must be held responsible for conducting an organizational audit. Third, HR as a strategic partner needs to identify methods for restoring the parts of the organizational architecture that need it. Fourth and finally, HR must take stock of its own work and set clear priorities. In their new role as administrative experts they will need to shed their traditional image and still make sure all routine work for the company is done well.

3. HR Accountability Should be Fixed to Ensure Employee Commitment: HR must be held accountable for ensuring that employees feel committed to the organization and contribute fully. They must take responsibility for orienting and training line management about the importance of high employee morale and how to achieve it. The new HR should be the voice of employees in management discussions. The new role for HR might also involve suggesting that more teams be used on some projects or that employees be given more control over their own work schedules.

4. The New HR Must Become a Change Agent: The new HR must become a change agent, which is building the organization's capacity to embrace and capitalize on change. Even though they are not primarily responsible for executing change it is the duty of the HR manager to make sure that the organization carries out the changes framed for implementation.

5. Improving the Quality of HR: The most important thing that managers can do to drive the new mandate for HR is to improve the quality of the HR staff itself. Senior executives must get beyond the stereotypes of HR professionals as incompetent support staff and unleash HR's full potential

6. Change in Employment Practices: The balance sheet of an organization shows human resource as an expense and not as a Capital. In the information age, it is perceived that the machines can do the work more efficiently than most people however; technology to work is dependent on people.

The challenges for Employment Practice in the New Millennium will require that there should be strategic involvement of the **people and labour-management partnerships** as they both have to take organization ahead.

7. Benchmarking Tool Must be Mastered by HR Professionals: HR professionals must master benchmarking, which is a tool for continuous improvement- directing the human side associated with the strategic path adopted by the organization. Through this, HR department will start appreciating the changes happening within and outside the environment while expanding the knowledge about how to add value to decision making at the highest level of the organization.

8. Aligning Human Resources to Better Meet Strategic Objectives: Too often organizations craft their strategy in a vacuum. Some organizations don't even include key people during strategy formulation resulting in lacunae between the actual problems and the solutions implemented- as critical inputs are not sought from those individuals who are supposed to implement the new strategies.

A past CEO of Sony once said that organizations have access to the same technology and the same information. The difference between any two organizations is the “people”- the human resource. Empowering the workforce is an essential tool for aligning human resources with the achievement of corporate objectives. It is the duty of HR manager to hire talented human resource and to provide them with a positive environment where they will be able to utilize their skills and potentials and to create an environment in which these individuals are comfortable taking risks.

9. Promote From Within and Invest in Employees: Promoting employees from within sends a powerful message that the organization’s employees are valued. New blood and fresh ideas often come from newcomers to the organization. To avoid stagnation of the firm, new ideas and approaches are critical. Yet to improve employee morale, promoting individuals from within the organization is essential. This communicates that the organization values their employees and invests in their human resources.

10. Review the Recruitment and Selection Process: A key element of human resource planning is ensuring that the supply of appropriate employees (with the right skill mix) is on board when needed. This requires a proactive approach whereby the organization anticipates its needs well in advance. It is important to identify the competencies being sought. That is, the criteria upon which selection decisions are to be made should be decided in advance. A firm must identify those skill sets required by employees to be successful. Charles O’Reilly suggests that companies should hire for attitude (perhaps even more so than technical skills). That is, the fit of the individual with the values of the organization and the culture of the firm should also be considered when selecting employees. This has been referred to as the person-organization-fit. It is no longer enough to simply consider the person’s fit (and technical skill set) with the job. Part of the employee’s fit with the organization should focus on the core values and beliefs of the organization. This will increase employees’ contributions to the overall success of the organization if they already embrace the core values of the organization prior to their selection

11. Communicate Mission and Vision: If employees are expected to contribute to the attainment of the organization’s strategic objectives, they must understand what their role is. This can be achieved in part by clearly communicating the mission and vision statements of the firm. The old adage is certainly true. If a person does not know where he or she is going, any road will get him or her there.

The mission communicates the identity and purpose of the organization. It provides a statement of who the firm is and what their business is. Only those employees who understand this purpose can contribute to the fullest extent possible. The vision statement provides a picture of the future state of the firm. It should be a stretch to attain. This keeps all the organization's employees pulling in the same direction with a common end point. It is much easier to align human resources with corporate objectives when these employees are familiar with the mission and vision of the firm.

As the mission and vision statements are articulated, organizational members begin to more closely embrace their very meaning on an individual level. These statements provide a road map leading employees down the road to achieve organizational objectives. Employees then identify how they can contribute their unique talents toward the attainment of these goals.

12. Use Teams to Achieve Synergy: Synergy can be concisely defined as "two plus two equals five". In other words, the whole is greater than the sum of the parts. So much more can be achieved as people work together.

1.7 SUMMARY

It is critical that today's organizations align their human resources to better meet strategic objectives. A failure to do so results in wasted time, energy, and resources. Organizations are more likely to achieve this alignment with their corporate objectives when they review their recruitment and selection processes for fit, communicate the mission and vision statements, use joint goal setting, design an appropriate reward system, empower the workforce, promote and develop from within, and use teams to achieve synergy. Human Resource Management is the management function that helps the managers to plan, recruit, select, train, develop, remunerate and maintain members for an organization. HRM has four objectives of societal, organizational, functional and personal development. An organization must have set policies; definite procedures and well defined principles relating to its personnel and these contribute to the effectiveness, continuity and stability of the organization.

1.8 SELF ASSESSMENT QUESTIONS

1. Define HRM? What are its functions and objectives?
2. Elaborate about the nature of HRM and its relevance in present scenario.
3. Explain the role of HR manager in HRM.
4. “Human Resources have never been more indispensable than today”. Explain.
5. Write note on:
   a. Nature of HRM
   b. Objectives of HRM
   c. Scope of HRM

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2

HUMAN RESOURCE PLANNING

Unit Structure

2.0 OBJECTIVES

After studying this unit, you will be able to:

- Understand the nature and need of HRP
- Able to gain information about different factors that affect HRP
- Realize the importance of human resource planning in current organizational scenario.
- Understand the HRP process.
- Know the pre requisites for successful HRP process.

2.1 INTRODUCTION

As told in the last chapter Human resource management has started to play a significant role in the overall strategic development of the organization. At present HR strategies are designed in tune with the overall business strategy of the organization. HR strategy should sub serve the interest of the organization, translating firm's goals and objectives into a consistent, integrated and complimentary set of programmes and policies for managing people.

First part of Human resource strategy is HRP – Human Resource Planning. All other HR activities like employee hiring, training and development, remuneration, appraisal and labour relations are derived from HRP.HR planning is important in a wide variety of industries and firms. HR planning affects what employers do when recruiting, selecting, and retaining people, and of course these actions affect organizational results and success. The challenges caused by changing economic conditions during recent year's show why HR workforce planning should occur.

Staffing an organization is an HR activity that is both strategic and operational in nature. As the HR Headline indicates, HR planning is important in a wide variety of industries and firms. HR planning affects what employers do when recruiting, selecting, and retaining people, and, of course these actions affect organizational results and success. Human Resources planning mean different means to different organizations. To some companies, human resources planning mean management development. It involve helping executives to make better decisions, communicate more effectively, and know more about the firm. The purpose of HRP is to make the manager a better equipped for facing the present and future.

2.2 HUMAN RESOURCE PLANNING (HRP)

2.2.1 MEANING AND DEFINITION

Human resource planning is important for helping both organizations and employees to prepare for the future. The basic goal of human resource planning is to predict the future and based on these predictions, implement programmes to avoid anticipated problems. Very briefly humans resource planning is the process of examining an organization's or individual's future human resource needs for instance, what types of skills will be needed for jobs of the future compared to future human resource capabilities (such as the types of skilled employees you already have) and developing human resource policies and practices to address potential problems for example, implementing training programmes to avoid skill deficiencies.

According to Vetter, "HRP is the process by which management determines how the organization should move from its current man power position to desired manpower position. Through planning, management strives to have the right time, doing things which result in both the organization and individual receiving maximum long run benefits".

According to Gordon Mc Beath, “HRP is concerned with two things: Planning of manpower requirements and Planning of Manpower supplies”.

According to Beach, “HRP is a process of determining and assuming that the organization will have an adequate number of qualified persons, available at proper times, performing jobs which meet the needs of the enterprise and which provides satisfaction for the individuals involved”

Simply HRP can be understood as the process of forecasting an organization’s future demands for and supply of the right type of people in the right number. In other words HRP is the process of determining manpower needs and formulating plans to meet these needs.

2.2.2 PROCESS OF HRP

HRP is a Four-Phased Process**.**

The first phase involves the gathering and analysis of data through manpower inventories and forecasts,

The second phase consists of establishing manpower objectives and policies and gaining top management approval of these.

The third phase involves designing and implementing plans and promotions to enable the organization to achieve its manpower objectives.

The fourth phase is concerned with control and evaluation of manpower plans to facilitate progress in order to benefit both the organization and the individual. The long run view means that gains may be sacrificed in the short run for the future grounds. The planning process enables the organization to identify what its manpower needs is and what potential manpower problems required current action. This leads to more effective and efficient performance.

2.2.3 NATURE OF HRP

Human resource planning is the process of analyzing and identifying the availability and the need for human resources so that the organization can meet its objectives. The focus of HR planning is to ensure that the organization has the right number of human resources, with the right capabilities, at the right times, and in the right places. In HR planning, an organization must consider the availability and allocation of people to jobs over long periods of time, not just for the next month or the next year.

Present employees, and/or increasing the number of employees in certain areas. Factors to consider include the current employees' knowledge, skills, and abilities and the expected vacancies resulting from retirements, promotions, transfers, and discharges. To do this, HR planning requires efforts by HR professionals working with executives and managers.

2.3 OBJECTIVES OF HUMAN RESOURCE PLANNING

The basic objectives of HR Planning are:

- To ensure optimum utilization of human resources currently available in the organization.
- To assess or forecast the future skill requirement of the organization.
- To provide control measures to ensure that necessary resources are available as and when required.

A series of specified reasons are there that attaches importance to manpower planning and forecasting exercises. They are elaborated below:

- To link manpower planning with the organizational planning.
- To determine recruitment levels.
- To anticipate redundancies.
- To determine optimum training levels.
- To provide a basis for management development programs.
- To cost the manpower.
- To assist productivity bargaining.
- To assess future accommodation requirement.
- To study the cost of overheads and value of service functions.
- To decide whether certain activity needs to be subcontracted, etc.

HRP exists as a part of planning process of business. This is the activity that aims to coordinate the requirements for the availability of the different types of employers. The major activities are the forecasting, (future requirements), inventorying (present strength), anticipating (comparison of present and future requirements) and planning (necessary program to meet the requirements).

The HR forecasts are responsible for estimating the number of people and the jobs needed by an organization to achieve its objectives and realize its plans in the most efficient and effective manner.

HR needs are computed by subtracting HR supplies or number of the employees available from expected HR demands or number of people required to produce a desired level of outcome. The objective of HR is to provide right personnel for the right work and optimum utilization of the existing human resources.

The objectives of human resource planning may be summarized as below:

1. Forecasting Human Resources Requirements:
HRP is essential to determine the future needs of HR in an organization. In the absence of this plan it is very difficult to provide the right kind of people at the right time.

2. Effective Management of Change:
Proper planning is required to cope with changes in the different aspects which affect the organization. These changes need continuation of allocation/ reallocation and effective utilization of HR in organization.

3. Realizing the Organizational Goals:
In order to meet the expansion and other organizational activities the organizational HR planning is essential.

4. Promoting Employees:
HRP gives the feedback in the form of employee data which can be used in decision-making in promotional opportunities to be made available for the organization.

5. Effective Utilization of HR:
The data base will provide the useful information in identifying surplus and deficiency in human resources. The objective of HRP is to maintain and improve the organizational capacity to reach its goals by developing appropriate strategies that will result in the maximum contribution of HR.

2.4 NEED FOR HRP IN ORGANIZATIONS

Major reasons for the emphasis on HRP at the Macro level:

1. **Employment-Unemployment Situation:** Though in general the number of educated unemployment is on the rise, there is acute shortage for a variety of skills. This emphasizes on the need for more effective recruitment and employee retention.

2. **Technological Change:** The changes in production technologies, marketing methods and management techniques have been extensive and rapid. Their effect has been profound

on the job contents and job contexts. These changes have caused problems relating to redundancies, retention and redeployment. All these suggest the need to plan manpower needs intensively and systematically.

3. **Demographic Change:** The changing profile of the work force in terms of age, sex, literacy, technical inputs and social background has implications for HRP.

4. **Skill Shortage:** Unemployment does not mean that the labour market is a buyer's market. Organizations generally become more complex and require a wide range of specialist skills that are rare and scare. A problem arises in an organization when employees with such specialized skills leave.

5. **Governmental Influences:** Government control and changes in legislation with regard to affirmative action for disadvantages groups, working conditions and hours of work, restrictions on women and child employment, causal and contract labour, etc. have stimulated the organizations to be become involved in systematic HRP.

6. **Legislative Control:** The policies of "hire and fire" have gone. Now the legislation makes it difficult to reduce the size of an organization quickly and cheaply. It is easy to increase but difficult to shed the fat in terms of the numbers employed because of recent changes in labour law relating to lay-offs and closures. Those responsible for managing manpower must look far ahead and thus attempt to foresee manpower problems.

7. **Impact of the Pressure Group:** Pressure groups such as unions, politicians and persons displaced from land by location of giant enterprises have been raising contradictory pressure on enterprise management such as internal recruitment and promotion, preference to employees' children, displace person, sons of soil etc.

8. **Systems Approach:** The spread of system thinking and advent of the macro computer as the part of the on-going revolution in information technology which emphasis planning and newer ways of handling voluminous personnel records.

9. **Lead Time:** The log lead time is necessary in the selection process and training and deployment of the employee to handle new knowledge and skills successfully.

2.5 IMPORTANCE OF HRP

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

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

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

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

4. **International Strategies:** An international expansion strategy of an organization is facilitated to a great extent by HR planning. The HR department's ability to fill key jobs with foreign nationals and reassignment of employees from within or across national borders is a major challenge that is being faced by international business. With the growing trend towards global operation, the need for HRP will as well will be the need to integrate HRP

more closely with the organizations strategic plans. Without effective HRP and subsequent attention to employee recruitment, selection, placement, development, and career planning, the growing competition for foreign executives may lead to expensive and strategically descriptive turnover among key decision makers.

5. **Foundation for Personnel Functions:** HRP provides essential information for designing and implementing personnel functions, such as recruitment, selection, training and development, personnel movement like transfers, promotions and layoffs.

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

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

8. **Uniting the Viewpoint of Line and Staff Managers:** HRP helps to unite the viewpoints of line and staff managers. Though HRP is initiated and executed by the corporate staff, it requires the input and cooperation of all managers within an organization. Each department manager knows about the issues faced by his department more than anyone else. So communication between HR staff and line managers is essential for the success of HR Planning and development.

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

10. Other Benefits:

a. HRP helps in judging the effectiveness of manpower policies and programmes of management.

b. It develops awareness on effective utilization of human resources for the overall development of organization.

c. It facilitates selection and training of employees with adequate knowledge, experience and aptitudes so as to carry on and achieve the organizational objectives.

d. HRP encourages the company to review and modify its human resource policies and practices and to examine the way of utilizing the human resources for better utilization.

2.6 FACTORS AFFECTING HRP

HRP is influenced by several factors. The most important of the factors that affect HRP are explained below:

1. Type and Strategy of the Organization: Type of the organization determines the production processes involve, number and type of staff needed and the supervisory and managerial personnel required. HR need is also defined by the strategic plan of organization. If the organization has a plan for organic growth then organization need to hire additional employees. On the other hand If the organization is going for mergers and acquisition, then organization need to plan for layoffs, as mergers can create, duplicate or overlap positions that can be handled more efficiently with fewer employees.

Organization first decides whether to be reactive or proactive in HRP. Organizations either carefully anticipate the needs and systematically plan to fill the need in advance (proactive) or can simply react to the needs as they arise (reactive).

The nature of HR plan is also decides upon the formality of the plan. It can decides to have an informal plan that lies mostly in the minds of the managers and personnel staff or can have a formal plan which is properly documented in writing

The nature of HR plan is also depended upon the flexibility that is practiced in the organization. HR plan should have the ability to anticipate and deal with contingencies. Organizations frame HRP in such a way that it can contain many contingencies, which reflect different scenarios thereby assuring that the plan is flexible and adaptable.

Figure 2.1 : Factors Affecting HRP.

Figure 2.1 summarizes the five factors that influence an organization while framing its strategic HRP.

2. Organizational Growth Cycles and Planning: All organizations pass through different stages of growth from the day of its inception. The stage of growth in which an organization is determines the nature and extends of HRP. Small organizations in the earlier stages of growth may not have well defined personnel planning. But as the organization enters the growth stage they feel the need to plan its human resource. At this stage organization gives emphasis upon employee development. But as the organization reaches the mature stage it experience less flexibility and variability resulting in low growth rate. HR planning becomes more formalized and less flexible and less innovative and problem like retirement and possible retrenchment dominate planning.

During the declining stage of the organization HRP takes a different focus like planning to do the layoff, retrenchment and retirement. In declining situation planning always becomes reactive in nature towards the financial and sales distress faced by the company.

3. Environmental Uncertainties: Political, social and economic changes affect all organizations and the fluctuations that are happening in these environments affect organizations drastically. Personnel planners deal with such environmental uncertainties by carefully formulating recruitment, selection, training and 23 development policies and programmes. The balance in the organization is achieved through careful succession planning, promotion channels, layoffs, flexi time, job sharing, retirement, VRS and other personnel related arrangements.

4. Time Horizons: HR plans can be short term or long term. Short term plans spans from six months toone year, while long term plans spread over three to twenty years. The extent of time period depends upon the degree of uncertainty that is prevailing in an organizations environment. Greater the uncertainty, shorter the plan time horizon and vice versa.

Table 2.1 : Degree of Uncertainty and Length of Planning Period

Short Planning period- uncertainty/ instability	**Long planning period- certainty/ stability**
Many new competitors Rapid changes in social and economic conditions	Strong competitive position Evolutionary, rather than rapid social, political and technological change
Unstable product/ service demand patterns	Stable demand patterns
Small organizational size, poor management practices (crisis Management)	Strong management practices.

Source: Elmer H. Burack and Nicholas J. Mathis, *Human Resource Planning- A Pragmatic approachto manpower Staffing and development*, Illinosis, Brace- Park Press, 1987, p. 129.

5. Type and Quality of information: The information used to forecast personnel needs originates froma multitude of sources. The forecast depends to a large extent upon the type of information and the quality of data that is available to personnel planners. The quality and accuracy of information depend upon the clarity with which the organizational decision makers have defined their strategy, structure, budgets, production schedule and so on.

Table 2.2 : Levels of HRP Information

Strategic Information	General Organizational Information	Specific Information Necessary for HRP
Product mix Customer mix	Organizational structure Information flows	Job analysis Skills inventories
Competitive emphasis	Operating and capital budgets Functional area objectives	Management inventories
Geographic limits of market	Production schedules Distribution channels	Available training and development programmes
	Sales territories Production processes	Recruitment sources
	Level of technology Planning horizons	Labour market analysis Compensation programmes Constitutional provisions and labour laws
		Retirement plans Turnover data.

Source: Leap & Crino, *Personnel/ Human Resource Management*, p. 161.

6. Nature of Jobs Being Filled: Personnel planners need to be really careful with respect to the nature of the jobs being filled in the organization. Employees belonging to lower level who need very limited skills can be recruited hastily but, while hiring employees for higher posts, selection and recruitment need to be carried out with high discretion. Organization need to anticipate vacancies far in advance as possible, to provide sufficient time to recruit suitable candidate.

7. Outsourcing: Several organizations outsource part of their work to outside parties in the form of subcontract. Outsourcing is a regular feature both in the public sector as well as in the private sector companies. Many of the organizations have surplus labour and hence instead of hiring more people they go for outsourcing. Outsourcing is usually done for non critical activities. Outsourcing of non- critical activities through subcontracting determines HRP.

2.7 HRP PROCESS

HRP effectively involves forecasting personnel needs, assessing personnel supply and matching demand – supply factors through personnel related programmes. The HR planning process is influenced by overall organizational objectives and environment of business.

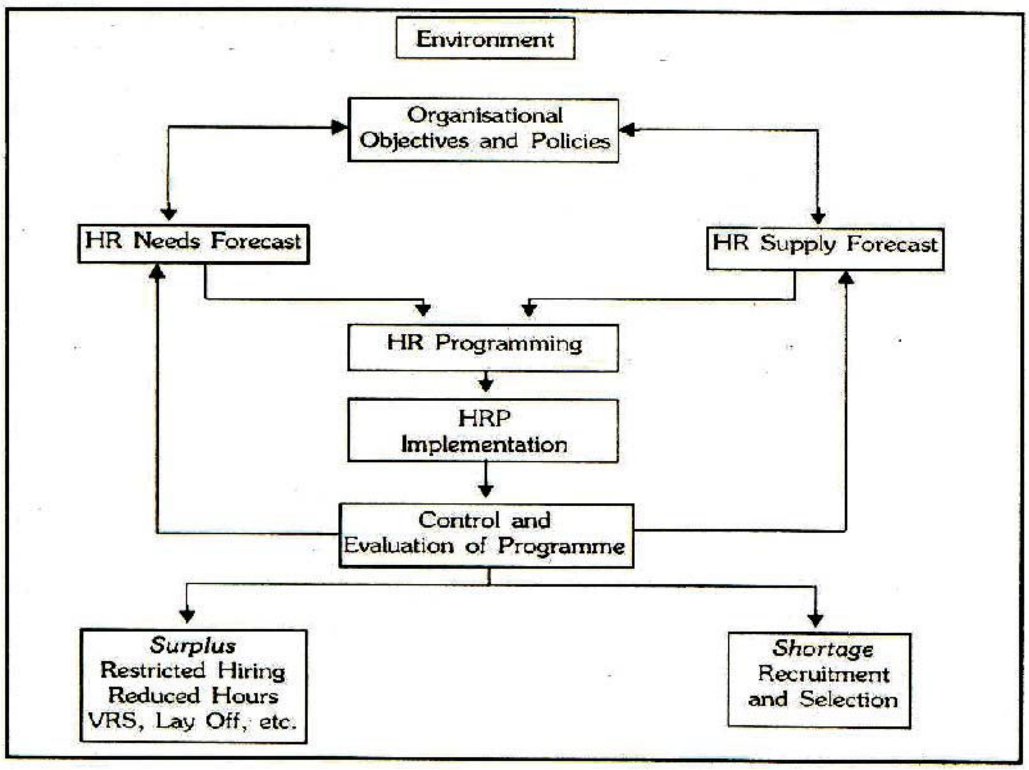

Figure 2.2: The HRP Process

Following are the important steps in the process of HRP

1. Environmental Scanning:

It refers to the systematic monitoring of the external forces influencing the organization. The following forces are essential for pertinent HRP.

- Economic factors, including general and regional conditions. Technological changes
- Demographic changes including age, composition and literacy,
- Political and legislative issues, including laws and administrative rulings Social concerns, including child care, educational facilities and priorities.

By scanning the environment for changes that will affect an organization, managers can anticipate their impact and make adjustments early.

2. Organizational Objectives and Policies:

HR plan is usually derived from the organizational objectives. Specific requirements in terms of number and characteristics of employees should be derived from organizational objectives

Once the organizational objectives are specified, communicated and understood by all concerned, the HR department must specify its objective with regard to HR utilization in the organization.

3. HR Demand Forecast:

Demand forecasting is the process of estimating the future quantity and quality of people required to meet the future needs of the organization. Annual budget and long-term corporate plan when translated into activity into activity form the basis for HR forecast.

For e.g. in the case of a manufacturing company, the sales budget will form the basis for production plan giving the number and type of products to be produced in each period. This will form the basis upon which the organization will decide the number of hours to be worked by each skilled category of workers. Once the number hours required is available organization can determine the quality and quantity of personnel required for the task.

Demand forecasting is influenced by both internal factors and external factors: external factors include-competition, economic climate, laws and regulatory bodies, changes in technology and social factors whereas internal factors are budget constraints, production level, new products and services, organizational structure and employee separations.

Demand forecasting is essential because it helps the organization to:

a. Quantify the jobs, necessary for producing a given number of goods,

b. Determine the nature of staff mix required in the future,

c. Assess appropriate levels in different parts of organization so as to avoid unnecessary costs to the organization,

d. Prevent shortages of personnel where and when, they are needed by the organization.

e. Monitor compliances with legal requirements with regard to reservation of jobs.

Techniques like managerial judgment, ratio- trend analysis, regression analysis, work study techniques, Delphi techniques are some of the major methods used by the organization for demand forecasting.

4. HR Supply Forecast:

Supply forecast determines whether the HR department will be able to procure the required number of workers. Supply forecast measures the number of people likely to be available from within and outside an organization, after making allowance for absenteeism, internal movements and promotions, wastage and changes in hours, and other conditions of work.

Supply forecast is required because it:

a. Helps to quantify the number of people and positions expected to be available in future to help the organization realize its plans and meet its objectives.

b. Helps to clarify the staff mixes that will arise in future.

c. It assesses existing staffing in different parts of the organization.

d. It will enable the organization to prevent shortage of people where and when they are most needed.

e. It also helps to monitor future compliance with legal requirements of job reservations.

Supply analysis covers the existing human resources, internal sources of supply and external sources of supply.

5. HR Programming:

Once an organization's personnel demand and supply are forecasted the demand and supply need to be balanced in order that the vacancies can be filled by the right employees at the right time.

6. HR Plan Implementation:

HR implementation requires converting an HR plan into action. A series of action are initiated as a part of HR plan implementation. Programmes such as recruitment, selection and placement, training and development, retraining and redeployment, retention plan, succession plan etc when clubbed together form the implementation part of the HR plan.

7. Control and Evaluation:

Control and evaluation represent the final phase of the HRP process. All HR plan include budgets, targets and standards. The achievement of the organization will be evaluated and monitored against the plan. During this final phase organization will be evaluating on the number of people employed against the established (both those who are in the post and those who are in pipe line) and on the number recruited against the recruitment targets. Evaluation is also done with respect to employment cost against the budget and wastage accrued so that corrective action can be taken in future.

2.8 REQUISITES FOR SUCCESSFUL HRP

- HRP must be recognized as an integral part of corporate planning
- Support of top management is essential
- There should be some centralization with respect to HRP responsibilities in order to have co-ordination between different levels of management.
- Organization records must be complete, up to date and readily available.
- Techniques used for HR planning should be those best suited to the data available and degree of accuracy required.
- Data collection, analysis, techniques of planning and the plan themselves need to be constantly revised and improved in the light of experience.

2.9 BARRIERS TO HRP

Human Resource Planners face significant barriers while formulating an HRP. The major barriers are elaborated below:

1) HR practitioners are perceived as experts in handling personnel matters, but are not experts in managing business. The personnel plan conceived and formulated by the HR practitioners when enmeshed with organizational plan, might make the overall strategic plan of the organization ineffective.

2) HR information often is incompatible with other information used in strategy formulation. Strategic planning efforts have long been oriented towards financial forecasting, often to the

exclusion of other types of information. Financial forecasting takes precedence over HRP.

4) Conflict may exist between short term and long term HR needs. For example, there can be a conflict between the pressure to get the work done on time and long term needs, such as preparing people for assuming greater responsibilities. Many managers are of the belief that HR needs can be met immediately because skills are available on the market as long as wages and salaries are competitive. Therefore, long times plans are not required, short planning are only needed.

5) There is conflict between quantitative and qualitative approaches to HRP. Some people view HRP as a number game designed to track the flow of people across the department. Others take a qualitative approach and focus on individual employee concerns such as promotion and career development. Best result can be achieved if there is a balance between the quantitative and qualitative approaches.

6) Non-involvement of operating managers renders HRP ineffective. HRP is not strictly an HR department function. Successful planning needs a co-ordinate effort on the part of operating managers and HR personnel.

2.10 SUMMARY

Today, human resource planning is viewed as the way management comes to grasp the ill-defined and tough-to-solve human resource problems facing an organization. Human resource planning is the process of determining the human resources required by the organization to achieve its goals. Human resource planning also looks at broader issues relating to the ways in which people are employed and developed, in order to improve organizational effectiveness. HRP is a decision making process that combines activities such as identifying and acquiring the right number of people with the proper skills, motivating them to achieve high performance and creating interactive links between business objectives are resource planning activities. HRP sets out requirements in both quantitative and qualitative terms. Accurate manpower plan is a dream. A common error of many managers is to focus on the organization's short term replacement needs. Any human resource plan, if it is to be effective, must be derived from the long term plans and strategies of the organization. The various approaches to human resource planning under which a number of major issues and trends in today's work plan that will affect organization and employees are (1) Examine external and internal issues, (2) Determining future organizations capabilities, (3) Determining future organizational needs, and (4) Implementing human resources programmes to address anticipated problems. Although change is occurring very rapidly in the work world it is important for both organizations and employees to monitor issues and events continuously and consider their potential effects.

2.11 SELF ASSESSMENT QUESTIONS

1. Explain the role of HR professional in human resource planning process in organizations.
2 Describe the various forecasting techniques and how these techniques are being used in human resource planning.
3 Explain the barriers to HRP. Bring out the requisites for effective planning.
4 Define HRP. Explain the need and importance of HRP.
5 Discuss in detail the process of HRP.
6 Elaborate the factors affecting on HRP.
7 Write note on:
   a. Objectives of HRP
   b. Importance of HRP
   c. Need of HRP

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3

JOB ANALYSIS

Unit Structure

3.0 OBJECTIVES

After completing this unit, you will be able to:

- Define job analysis.
- Understand the basic steps in a Job analysis.
- Identify the major methods of collecting Job analysis data.
- Recognize the major elements of job descriptions
- Explain how to prepare job descriptions and job specification and their use.
- Point out and explain job design and its various methods
- Distinguish between job enlargement and job enrichment.

3.1 INTRODUCTION

‘Manpower planning is concerned with determination of quantitative and qualitative requirements of manpower for the organization. Determination of manpower requirements is one of the most important problems in manpower planning. Job analysis and job design, provide this knowledge. Before going through the mechanism of job analysis and job design, it is relevant to understand the terms which are used in job analysis and job design.

Job: A job may be defined as a "collection or aggregation of tasks, duties and responsibilities which as a whole, are regarded as a regular assignment to individual employees," and which is different from other assignments, In other words, when the total work to be done is divided and grouped into packages, we call it a "job." Each job has a definite title based upon standardized trade specifications within a job; two or more grades may be identified, where the work assignment may be graded according to skill, the difficulty of doing them, or the quality of workmanship. Thus, it may be noted that a position is a "collection o tasks and responsibilities regularly assigned to one person;" while a job is a "group of position, which involve essentially the same duties, responsibilities, skill and knowledge." A position consists of a particular set of duties assigned to an individual.

Decenzo and P. Robbins defines other terms as follows:

Task: It is a distinct work activity carried out for a distinct purpose.

Duty: It is a number of tasks.

Position: It refers to one or more duties performed by one person in an organization, There are at least as many positions as there are workers in the organization; vacancies may create more positions than employees.

Job: It is a type of position within the organization.

Job Family: It is group of two or more jobs that either call for similar worker characteristics or contain parallel work tasks as determined by job analysis.

Occupation: It is a group of similar jobs found across organizations.

Career: It represents a sequence of positions, jobs, or occupations that a person has over his working life.

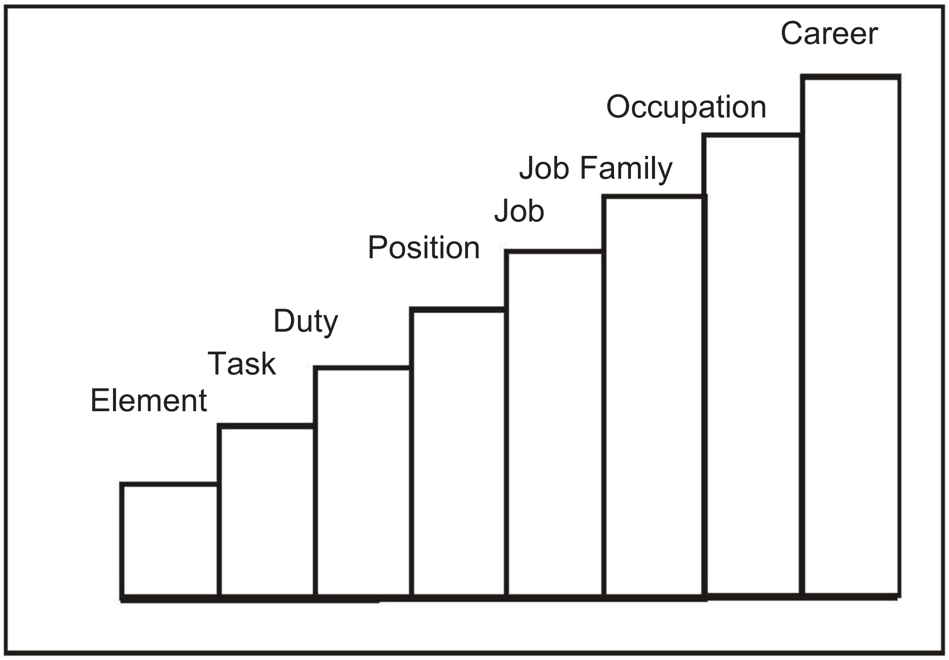

Figure 3.1: Job Analysis Information Hierarchy

(Adapted from Decenzo and P. Robbins, Personnel/Human Resource Management)

3.2 JOB ANALYSIS DEFINITION

Developing an organizational structure, results in jobs which have to be staffed. Job analysis is the procedure through which you determine the duties and nature of the jobs and the kinds of people (in terms of skills and experience) who should be hired for them.' It provides you with data on job requirements, which are then used for developing job descriptions (what the job entails) and job specifications (what kind of people to hire for the job). Some of the definitions of job analysis ate given as follows, to understand the meaning of the term more clearly:

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

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

According to Herbert G Herman "A job is a collection of tasks that can be performed by a single employee to contribute to the production of some product or service provided by the organization. Each job has certain ability requirements (as well as certain rewards) associated with it. Job analysis process used to identify these requirements."

Flippo has offered a more comprehensive definition of job analysis as, "Job analysis is the process of studying and collecting information relating to the operations and responsibilities of a specific job. The immediate products of the analysis are job descriptions and job specifications"

Thus, job analysis involves the process of identifying the nature of a job (job description) and the qualities of the likely job holder (job specification).

3.3 IMPORTANCE OF JOB ANALYSIS

As summarized in Figure 3.2 the information generated by the job analysis is used as a basis of several interrelated personnel management activities:

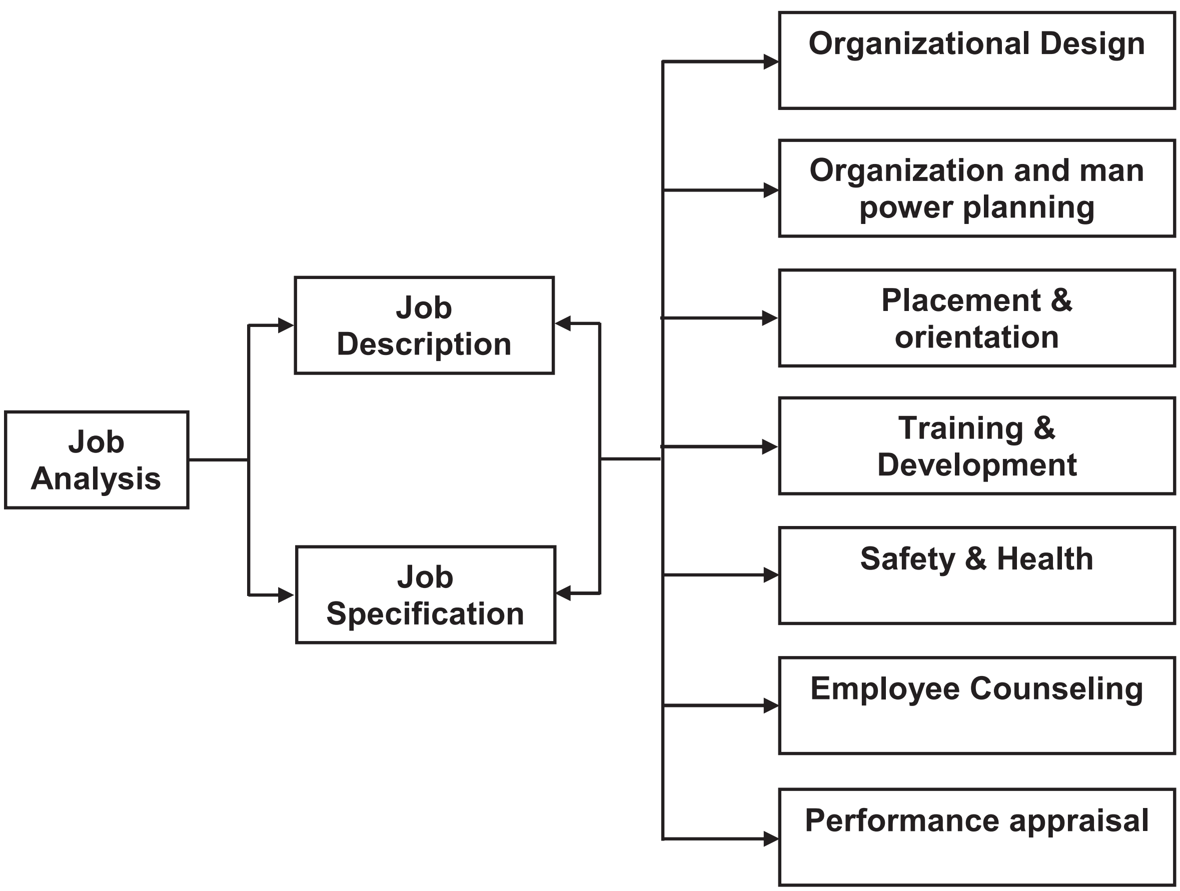

Figure 3.2 : Uses of Job Analysis

Following points elaborates the importance of Job Analyses:

1. **Achievement of Goals:**

Weather and Davis have stated, "Jobs are at the core of every organization's productivity, if they are designed well and done right, the organization makes progress towards its objectives. Otherwise, productivity suffers, profits fall, and the organization is less able to meet the demands of society, customer, employees, and other with a stake in its success."

2. **Organizational Design**:

Job analysis will be useful in classifying the jobs and the interrelationships among the jobs. On the basis of information obtained through job analysis, sound decisions regarding hierarchical positions and functional differentiation can be taken and this will improve operational efficiency.

3. **Organization and Manpower Planning:**

It is helpful in organization planning, for it defines labour in concrete terms and co-ordinates the activities of the work force, and clearly divides duties and responsibilities.

4. **Recruitment and Selection:**

Job analysis provides you with information on what the job entails and what human requirements are required to carry out these activities. This information is the basis on which you decide what sort of people to recruit and hire.

5. **Placement and Orientation:**

Job analysis helps in matching the job requirements with the abilities, interests and aptitudes of people. Jobs will be assigned to persons on the basis of suitability for the job. The orientation programme will help the employee in learning the activities and understanding duties that are required to perform a given job more effectively.

6. **Employee Training and Management Development:**

Job analysis provides the necessary information to the management of training and development programmes. It helps in to determine the content and subject matter of in training courses. It also helps in checking application information, interviewing test results and in checking references.

7. **Job Evaluation and Compensation**:

Job evaluation is the process of determining the relative worth of different jobs in an organization with a view to link compensation, both basic and supplementary, with the worth of the jobs. The worth of a job is determined on the basis of job characteristics and job holder characteristics. Job analysis provides both in the forms of job description and job specification.

8. Performance Appraisal:

Performance appraisal involves comparing each employee's actual performance with his or her desired performance. Through job analysis industrial engineers and other experts determine standards to be achieved and specific activities to be performed.

9. Health and Safety:

It provides an opportunity for identifying hazardous conditions and unhealthy environmental factors so that corrective measures may be taken to minimize and avoid the possibility of accidents.

10. Employee Counseling:

Job analysis provides information about career choices and personal limitation. Such information is helpful in vocational guidance and rehabilitation counseling. Employees who are unable to cope with the hazards and demands of given jobs may be advised to opt for subsidiary jobs or to seek premature retirement.

3.4 STEPS IN JOB ANALYSIS

The six steps of job analysis are shown in figure 3.3:

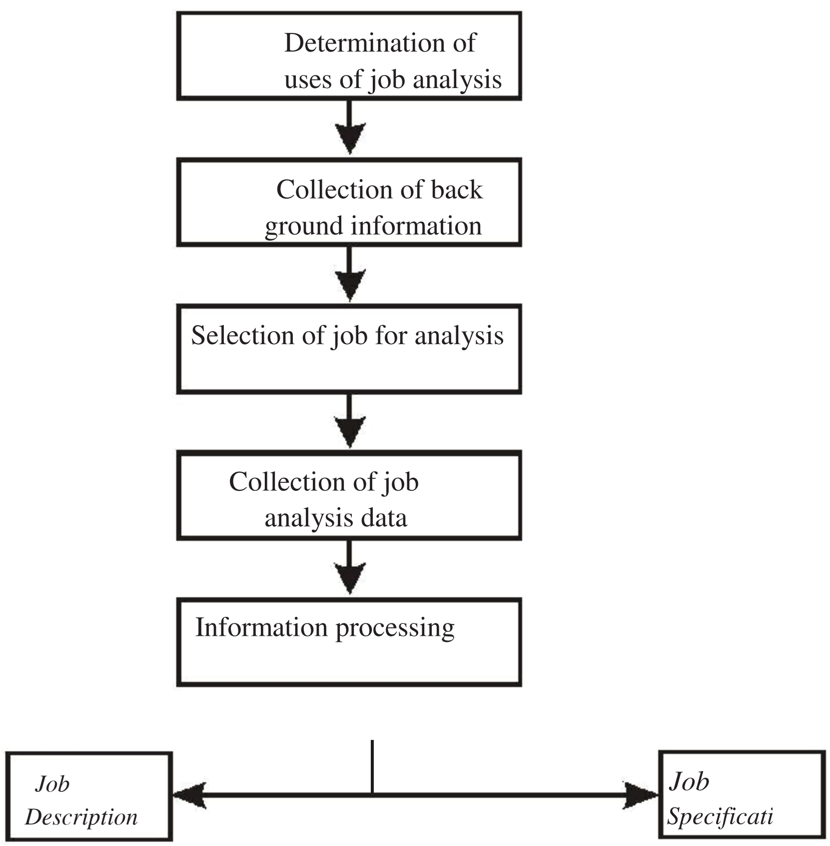

Figure 3.3 : Job Analysis Process

The steps are explained below:

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

2. Collection of Background Information: According to Terry, "The make-up of a job, its relation to other jobs, and its requirements for competent performance are essential information needed for a job evaluation. This information can be had by reviewing available background information such as organization charts (which show how the job in question relates to other jobs and where they fit into the overall organization); class specifications (which describe the general requirements of the class of job to which the job under analysis belongs); and the existing job descriptions which provide a starting point from which to build the revised job description".

3. Selection of Jobs for Analysis: To do job analysis is a costly and time consuming process. It is hence, necessary to select a representative sample of jobs for purposes of analysis. Priorities of various jobs can also be determined. A job may be selected because it has undergone undocumented changes in job content. The request for analysis of a job may originate with the employee, supervisor, or a manager.

When the employee requests an analysis it is usually because new job demands have not been reflected in changes in wages. Employee's salaries are, in part, based upon the nature of the work that they perform. Some organizations establish a *time cycle for the analysis of each* job. For example: A job analysis may be required for all jobs every three years. New jobs must also be subjected to analysis.

4. Collection of Job Analysis Data: Job data on features of the job, requited employee qualification and requirements, should be collected either form the employees who actually perform a job; or from other employees (such as foremen or supervisors) who watch the workers doing a job and there by acquire knowledge about it; or from the outside persons, known as the trade job analysis who are appointed to watch employees performing a job. The duties of such a trade job analyst are:

i. To outline the complete scope of a job and to consider all the physical and mental activities involved in determining what the worker does.

ii. To find out why a worker does a job; and for this purpose he studies why each task is essential for the overall result; and

iii. To increase the skill factor which may be needed in the worker to differentiate between jobs and establish the extent of the difficulty of any job.

5. Processing the Information: Once job analysis information has been collected, the next step is to place it in a form that will make it useful to those charged with the various personnel functions. Several issues arise with respect to this. First, how much detail is needed? Second, can the job analysis information be expressed in quantitative terms? These must be considered properly.

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

7. Developing Job Specifications: Job specifications are also prepared on the basis of information collected. It is a statement of minimum acceptable qualities of the person to be placed on the job. It specifies the standard by which the qualities of the person are measured. Job analyst prepares such statement taking into consideration the skills required in performing the job properly. Such statement is used in selecting a person matching with the job.

3.5 METHODS FOR COLLECTING JOB ANALYSIS DATA

As discussed earlier, information is to be collected for job analysis. Such information may be collected by the trained job analysis, superiors concerned and job holders themselves. Job information is collected through the following methods:

1. Participant Diary/Logs: Workers can be to keep participant diary/long or lists of things they do during the day. For every activity he or she engages in, the employee records the activity (along with the time) in a log. This can provide you with a very comprehensive picture of the job, especially when it's supplemented with subsequent interviews with the worker and his or her supervisor. This method provides more accurate information if done faithfully. However, it is quite time consuming. Further, each job holder may maintain records according to his own way which presents problems in analysis at later stage. Therefore, it has limited application.

2. Interview: There are three types of interviews you can use to collect job analysis data: individual interviews with each employee; group interviews with groups of employees having the same job; and supervisor interviews with one or more supervisors who are thoroughly knowledgeable about the job being analyzed. The group interview is used when a large number of employees are performing similar or identical work, since this can be a quick and inexpensive way of learning about the job. As a rule, the worker's immediate supervisor would attend the group session; if not, you should interview the supervisor separately to get that person's perspective on the duties and responsibilities of the job.

3. Critical Incidents: In this method, job holders are asked to describe incidents concerning the job on the basis of their past experience. The incidents so collected are analyzed and classified according to the job areas they describe, A fairly picture of actual job requirements can be obtained by distinguishing between effective and ineffective behaviors of workers on the job. However, this method is time consuming. The analyst requires a high degree of skill to analyze the contents of descriptions given by workers.

4. Technical Conference Method: This method utilizes supervisors with extensive knowledge of the job. Here, specific characteristics of a job are obtained from the "experts." Although it is a good data gathering method, it often overlooks the incumbent worker's perception about what they do on their job.

5. Job Performance: Under this method, the job analyst actually performs the job under study to get first-hand experience of the actual tasks, and physical and social demands of the job. This method can be used only for jobs where skill requirements are low and can be learnt quickly and easily. This is a time-consuming method and is not appropriate for jobs requiring extensive training.

6. Functional Job Analysis: Functional job analysis (FJA) is employee- oriented analytical approach of job analysis. This approach attempts to describe the whole person on the job. The main features of FJA include the following:

- The extent to which specific instruction are necessary to perform the task.
- The extent to which reasoning and judgment are required to perform the task.
- The mathematical ability required to perform the task.
- The verbal and language facilities required to perform the task.

7. Observation Method: Using this method, a job analyst watches employees directly on the job. Observations are made on various tasks, activities, the pace at which tasks are carried out, and the way different activities are performed. This method is suitable for jobs that involve manual, standardized, and short job cycle activities. This method also requires that the entire range of activities be observable; possible with some jobs.

8. Questionnaires: The method is usually employed by engineering consultants. Properly drafted questionnaires are sent out to job-holders for completion and are returned to supervisors. However, the information received is often unorganized and incoherent. The idea in issuing questionnaire is to elicit the necessary information from job –holders so that any error may first be discussed with the employee and, after corrections, may be submitted to the job analyst.

Questionnaire for Job Analysis

1. Your Name ………..………..………..………..………..………..…
2. Title or Designation of your job ……………………………………
3. Regular or Extra ……………………………………………………
4. Your Department ……………………………………………………
5. To whom do you report directly (Name and Title): ………………………
6. Description of work:

   (a) Daily Duties:
   (b) Periodical Duties:
   (c) Occasional Duties:

7. Your knowledge Requirements:

   (A) Store Procedure and Methods:
   (B) Merchandise:

8. What Equipment do you use?
9. What Materials do you work with or sell?
10. If you supervise the work of others, state how many and what their jobs are.
11. To what job would you normally expect to be promoted?
12. From what job were you transferred to your present job?

This technique is time consuming and generally does not yield satisfactory results because many employees do not complete the questionnaire or furnish incorrect information because of their own limitations. The use of questionnaire is recommended only in case of those technical jobs where the job contents are not completely known to the supervisor or the operation is too complex to observe.

There are certain standardized questionnaires developed by a few agencies which are used by various organizations for job analysis. Most of these questionnaires are of two types: Position Analysis Questionnaire and Management Position Description Questionnaire that are described as follows:

a. Position Analysis Questionnaire. Position analysis questionnaire (PAQ) is a highly specialized instrument for analyzing a job in terms of employee activities. The PAQ developed by Purdue University is a comprehensive questionnaire for collecting information for job analysis.

In this questionnaire, various job elements have been grouped into six categories with each category containing relevant job elements resulting into 195 elements as shown in Table 3.1.

Position Analysis Questionnaire

Job Aspects	No. of elements
Information input - Where and how do employee get information to do their job?	35
Mental processes- what reasoning, planning, organizing, and decision making is done?	14
Work output – what physical activities, tools and machines are used?	49
Relationships – what contact with other people, both in the company and outside is maintained or developed?	36
Job context- what is the physical and social context in which the job is maintained?	19
Other job characteristics – what other activities, conditions or Characteristics not covered by the categories are relevant?	42

The advantage of PAQ is that it provides a quantitative score or profile of any job in terms of how that job rates on the basic activities. The PAQ's real strength is, thus, in classifying jobs. PAQ's results can be used to compare the jobs relative to one another and pay levels can be assigned for each job.

The major problem with PAQ is the time it takes for a job analyst to fill out the ratings. However, PAQ has been widely researched and tested and appears to be both reliable and valid.

b. Management Position Description Questionnaire: Management position description is a highly structured questionnaire containing 208 items relating to managerial responsibilities, restrictions, demands and other miscellaneous position characteristics. W.W. Tomov and P.R. Pinto have developed the following Management position Description factors:

The above methods are the most popular ones for gathering job analysis data. They all provide realistic information about what job incumbents actually do. They can thus be used for developing job descriptions and job specifications.

3.6 JOB DESCRIPTION

Job description is the immediate product of job analysis process; the data collected through job analysis provides a basis for job description and job specification.

Job Description: is a written record of the duties, responsibilities and requirements of a particular job. It is concerned with the job itself and not with the job holders. It is a statement describing the job in such terms as its title, location, duties, working conditions and hazards.

Flippo has Defined Job Description as, "A job description is an organized, factual statement of duties and responsibilities of a specific job. In brief, it should tell what is to be done. How it is done why. It is a standard of function, in that defines the appropriate and authorized content of a job.

According to Pigors and Myres, "Job description is a pertinent picture (in writing) of the organizational relationships, responsibilities and specific duties that constitutes a given job or position. It defines a scope of responsibility and continuing work assignments that are sufficiently different form that of other jobs to warrant a specific title."

According to Zerga, who analyzed 401 articles on job description about 30 years ago. A job description helps us in:

(i) Job grading and classification
(ii) Transfers and promotions.
(iii) Adjustments of grievances;
(iv) Defining and outlining promotional steps:

(v) Establishing a common understanding of a job between employers and employees;
(vi) Investigation accidents ;
(vii) Indicating faulty work procedures or duplication of papers;
(viii) Maintaining, operating and adjusting machinery;
(ix) Time and motion studies;
(x) Defining the limits of authority;
(xi) Indicating case of personal merit;
(xii) Studies of health and fatigue;
(xiii) Scientific guidance;
(xiv) Determining jobs suitable for occupational therapy;
(xv) Providing hiring specifications; and
(xvi) Providing performance indicators.

"Job description" is different from "performance assessment." The former concerns such functions as planning, co-ordination, and assigning responsibility; while the latter concerns the quality of performance itself. Though job description is not assessment, it provides an important basis establishing assessment standards and objectives.

3.7 WRITING JOB DESCRIPTION

A Job description is a written statement of what the job holder actually does, how he or she does it, and under what conditions the job is performed. This information is in turn used to write a job specification. This lists the knowledge, abilities, and skills needed to perform the job satisfactorily. While there is no standard format you must use in writing a job description, most descriptions contain at least sections on:

1. **Job Identification:** It includes the job title, alterative title, department, division, and plant and code number of the job. The job title identifies and designates the job properly, the department, division, etc., indicate the name of the department where it is situated – whether it is the maintenance department, mechanical shop etc. Location gives the name of the place. This portion of job description gives answer to two important questions: to what higher level job is this job accountable. And who is supervised directly?

2. **Job Summary:** Job summary describes the contents of the jobs in terms of activities or tasks performed. Job summary should clear the nature of the job. Primary, secondary and other duties to be performed on the job should clearly be indicated separately.

3. **Duties and Responsibilities:** This is the most important phase of job description and should be prepared very carefully. It describes the duties to be performed along with frequency of each major duty. Responsibilities concerning custody of money, supervision and training of staff etc. are also described in this part.

Example of a Job Description

Job Title: Record Clerk	**Job No.** 011
Supervisor: Record Supervisor	**Job Grand** –III
Supervises: None	**Date:** 2/21/12

Job Summary: Originate, process, and maintain comprehensive records; implement required controls; collect and summarize data as requested.

Job Duties and Responsibilities :

Review a variety of documents, listings, summarizes, etc, for completeness and accuracy.

Check records against other current sources such as reports or summaries; investigate differences and take required action to ensure that records are accurate and up to date; compile and summarize data report format as required.

Implement controls or obtaining, preserving, and supplying a variety of information. Prepare simple requisitions, forms, and other routine memoranda.

Provide functional guidance to lower-level personnel as required.

Working Conditions: Normal working conditions. But visits sites on average twice a week. Eight hours per day

Relationships: With equivalent officers in other departments.

Maintains formal and social contacts with local officials.

Job Characteristics: Skilled operation of computer, calculating machine, or key punch machine is not necessarily a requirement of this job.

The above information is correct and approved by:

(Signed) (Signed)

Job Analyst In charge Manager

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

5. Relation to Other Jobs: It describes the vertical and horizontal relationships f work flow. It also indicates to whom the jobholder will report and who will report to him. It gives an idea of channels of promotion.

6. Machine, tools and equipment define each major type or trade name of the machines and tools and the raw materials used.

7. Working Conditions: The working environment in terms of heat, light, noise, dust and fumes etc, the job hazards and possibility of their occurrence and working conditions should also be described. It will be helpful in job evaluation.

8. Social Environment: It specifies the social conditions under which the work will be performed. In this part the size of work group, interpersonal interactions required to perform the job and development facilities are mentioned

3.8 JOB SPECIFICATION

The job specification states the minimum acceptable qualifications that the incumbent must possess to perform the job successfully. Based on the information acquired through job analysis, the job specification identifies the knowledge, skills, and abilities needed to do the job effectively. Individuals possessing the personal characteristics identified in the job specification should perform the job more effectively than individuals lacking these personal characteristics. The job specification, therefore, is a important tool in the selection process, for it keeps the selector's attention on the list of qualifications necessary for an incumbent to perform the job and assists in determining whether candidates are qualified.

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

Flippo has defined job specification as, "Job specification is a statement of the minimum acceptable human qualities necessary to perform a job properly …………. It is a standard of personnel and designates the qualities required for acceptable performance."

In is clear from the above definitions that job specification is a statement of summary of personnel requirements for a job. It may also be called "standard of personal for the selection"

A Job Specification should include:

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

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

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

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

All these characteristics must be classified into three categories:

- Essential attributes which a person must possess.
- Desirable attributes which a person ought to posses.
- Contra indicators which will become a handicap to successful job performance.

3.9 JOB DESIGN

Job design is of comparatively recent origin. The human resource managers have realized that the design of a job has considerable influence on the productivity and job satisfaction; poorly designed jobs often result in boredom to the employees, increased turnover, job dissatisfaction, low productivity and an increase in overall costs of the organization. All these negative consequences can be avoided with the help of proper job design.

According to Jon Werner and DeSimone, "Job design is the development and alteration of the components of a job (such as the tasks one performs, and the scope of one's responsibilities) to improve productivity and the quality of the employees' work life."

Job design has been defined by **Davis (1966)** as: “The specification of the contents, methods, and relationships of jobs in order to satisfy technological and organizational requirements as well as the social and personal requirements of the job-holder.”

Milkovich and Boudreau defined job design as, “Job design integrates work content (tasks, functions, and relationships), the rewards (extrinsic and intrinsic) and the qualifications required (skills, knowledge, abilities) for each job in a way that meets the needs of employees and the organization.”

Michael Armstrong has defined job design as “the process of deciding on the content of a job in terms of its duties and responsibilities, on the methods to be used in carrying out the job, in terms of techniques, systems and procedures, and on the relationships that should exist between the job holder and his superiors, subordinates and colleagues.”

Job design is an attempt to create a match between job requirements and human attributes. It involves organizing the components of the job and the interaction patterns among the members of a work group. It helps in developing appropriate design of job to improve efficiency and satisfaction.

PRINCIPLES OF JOB DESIGN:

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

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

3.10 METHODS OF JOB DESIGN

The various techniques of job design and redesign are discussed below:

1. **Job Simplification:** In job simplification, the complete job is broken down into small subparts; this is done so that employee can do these jobs without much specialized training. Moreover, small operations of the job can also be performed simultaneously so that the complete operation can be done more quickly. For job simplification, generally time and motion studies are used.

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

Bumpers to vehicles and the following two weeks making final checks of the chassis. During the next month, the same employee may be assigned to two different jobs. Therefore, the employee would be rotated among four jobs. The advantage of job rotation is that employees do not have the same routine job day after day. Job rotation only addresses the problem of assigning employees to jobs of limited scope; the depth of the job does not change. The job cycle of the actual daily work performed has not been lengthened or changed. Instead, employees are simply assigned to different jobs with different cycles.

Because job rotation does not change the basic nature of jobs, it is criticized as nothing more than having an employee perform several boring and monotonous jobs rather than one. Some employees dislike job rotation more than being assigned to one boring job because when they are assigned to one job they know exactly where to report and what work to expect each day. Workers quickly realize that job rotation does not increase their interest in their work.

Although it seldom addresses the lack of employee motivation, it give manages a means of coping with frequent absenteeism and high turnover. Thus when absenteeism or turnover occurs in the work force, managers can quickly fill the vacated position because each employee can perform several jobs.

Job rotation is often effectively used as a training technique for new, inexperienced employees. At higher organizational levels, rotation also helps to develop managerial generalists because it exposes them to several different operations.

Advantage of Job Rotation Technique:

- The employee experiences variety of work, workplace and peer group. Job rotation helps to broaden the knowledge and skills of an employee.
- The main advantage of job rotation is that it relieves the employee from the boredom and monotony of doing the same job.
- With the help of this method, people become more flexible. They are prepared to assume responsibility especially at other positions.
- Job rotation broadens the work experience of employees and turns specialists into generalists. It is beneficial for the management also as the management gets employees who can perform a variety of tasks to meet the contingencies.
- This method improves the self image and personal worth of the employee.

Disadvantage of Job Rotation Technique:

- Job rotation also creates disruptions. Members of the work group have to adjust to the new employee.
- Productivity is reduced by moving a worker into new position just when his efficiency at the prior job was creating organizational economies.
- Training costs are increased.
- The supervisor may also have to spend more time answering question and monitoring the work of the recently rotated employee.
- It can de-motivate intelligent and ambitious trainees who seek specific responsibilities in their chosen specialty.

3. Job Enlargement: Another means of increasing employee's satisfaction with routine jobs is job enlargement, or increasing the number of tasks performed (i.e. increasing the scope of the job). Job enlargement, like job rotation, tries to eliminate short job cycles that create boredom. Unlike job rotation, job enlargement actually increases the job cycle. When a job is enlarged, either the tasks being performed are enlarged or several short tasks are given to one worker. Thus, the scope of the job is increased because there are many tasks to be performed by the same worker. Job enlargement programs change many methods of operation- in contrast to job rotation, in which the same work procedures are used by workers who rotate through work stations. Although job enlargement actually changes the pace of the work and the operation by reallocating tasks and responsibilities, it does not increase the depth of a job.

The focus of designing work for job enlargement is the exact opposite of that for job specialization. Instead of designing jobs to be divided up into the fewest of tasks per employee, a job is designed to have many tasks for the employee to perform. An enlarged job requires a longer training period because there are more tasks to be learned. Worker satisfaction should increase because is reduced as the job scope is expanded. However, job enlargement programs are successful with jobs what have increased scope; such workers are less prone to resort to absenteeism, grievances, slowdowns and other means of displaying job dissatisfaction.

Enlargement is done only on the horizontal level. Thus, the job remains the same, but becomes of a larger scale than before. In the words of **Geroge Strauss and L.R. Sayles** "Job enlargement implies that instead of assigning one man to each job, a group of men can be assigned to a group of jobs and then allowed to decide for themselves how to organize the work. Such changes permit more social contacts and control over the work process."

Job enlargement has the following advantages:

- Increase in diversity of jobs Job satisfaction
- Provides wholeness and identity with the task and increases the knowledge necessary to perform it.
- Provides variety of skills.
- Reduces tension and boredom.
- Trains and develops more versatile employees.

Despite these advantages this is not a completely satisfactory method of job design as it does not increase the depth of a job. Enlarged jobs require longer training period as there are more tasks to be learned.

4. Job Enrichment: The concept of job enrichment has been derived from Herzberg's two-factor theory of motivation in which he has suggested that job content is one of the basic factors of motivation. If the job is designed in such a manner that it becomes more interesting and challenging to the job performer and provides him opportunities for achievement, recognition, responsibility, advancement and growth, the job itself becomes a source of motivation to the individual.

According to Richard W. Beatty and Graig Eric. Schneider, "Job enrichment is a motivational technique which emphasizes the need for challenging and interesting work. It suggests that jobs be redesigned so that intrinsic satisfaction is derived from doing the job. In its best applications it leads to a vertically enhanced job by adding function from other organizational levels, making it contain more variety and challenge and offer autonomy and pride to the employee."

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

In the words of Robert Albanese, "Job enrichment sometimes called. "Vertical job leading' is a job redesign strategy that focuses on job depth."

According to Mondy. Holmes, and Flippo, "Job enrichment refers to basic changes in the content and level of responsibility of a job so to provide for the satisfaction of the motivation needs of personnel.

Rebert Ford, who was associated with designing of jobs to make them more enriched, has provided some bases (though not exhaustive) for job enrichment as shown in Table 3.3.

Job Enrichment Bases

Tasks	Motivator involved
Assign specific or specialized task to individuals enabling them to become expert	Responsibility, growth, advancement
Making periodic reports directly available to the individual himself rather than to the supervisor.	Internal recognition
Giving a person a whole, natural unit of work (module, exchange district, division, area, etc.)	Responsibility, achievement, recognition
Increasing the accountability of individuals for own work	Responsibility, recognition

Techniques of Job Enrichment:

In order to enrich the jobs the management should adopt the following measures:

- Freedom in decisions
- Assign a natural work unit to an employee. Encouraging participation
- Allow the employee to set his own standards of performance. Minimize the controls to provide freedom to the employees Make an employee directly responsible for his performance.
- Encourage participation of employees in deciding organizational goals and policies. Expand job vertically
- Introducing new, difficult and creative tasks to the employees. Sense of achievement.

Advantages of Job Enrichment:

The advantages of job enrichment are as follows:

- It enriches the role.
- Job enrichment is the most widely used of job design as it provides a meaningful learning to employees.
- It makes the work interesting and employee get motivated.
- It helps in reducing the rate of labour turnover and absenteeism.
- It increases skills of the employees.
- It increases morale and performance. Reduce Boredom and dissatisfaction.
- Increase in output both qualitative and quantitative.

Disadvantages of Job Enrichment:

Dunham and Newstrom state, “Even the strongest supporters of job enrichment readily admit that there are limitations in its application.”

Newstrom and Keith Davis also write, “Employees are the final judges of what enriches their jobs. All that management can do is to gather information about what tends to enrich jobs, try these changes in the job system, and then determine whether employees feel that enrichment has occurred.”

A few limitations of or problems with job enrichment are as follows:

- Increase cost
- Need more employee counseling, training, and guidance.
- Not applicable to all jobs.
- Negative impact on personnel. Imposed on people.
- Objected by unions Pay dissatisfaction

JOB ENLARGEMENT vs. JOB ENRICHMENT

Job enlargement and job enrichment are both important forms of job design in order to enhance productivity and satisfaction of the employees. They differ from each other in the following respects:

1. Nature of Job: The major difference between job enrichment and enlargement lies in the nature ofadditions to the job. Enlargement involves a horizontal loading or expansion, or addition of tasks of the same nature. Enrichment involves vertical loading of tasks and responsibility of the job holder; it improves the quality of the job in terms of its intrinsic worth.

2. Purpose: The purpose of job enlargement is to reduce the monotony in performing repetitive jobsby lengthening the cycle of operation. On the other hand, the purpose of job enrichment is making the job lively, challenging and satisfying. It satisfies the higher level needs such as ego satisfaction, self expression, sense of achievement and advancement of Job holders.

3. Skill Requirement: Job enlargement may not necessarily require the use of additional skills whichthe job holder was using in performing the job before the enlargement. This is due to similarity of additional tasks. Enrichment calls foe development and utilization of higher skills, initiative, and innovation on the part of the job holder in performing the job.

4. Direction and Control: Job enlargement requires direction and control from external sources, saysupervisor. In fact, the job holder may require more direction and control because of enlargement of his responsibility. Enrichment does not require external direction and control as these come from the job holder himself. He requires only feedback from his supervisor.

3.11 SUMMARY

The purpose of an organization is to give each person a separate distinct job and to ensure that these jobs are coordinated in such a way that the organization accomplishes its goals.

Developing an organization structure results in jobs that have to be staffed. Job analysis is the procedure through which you find out (1) what the job entails, and (2) what kinds of people should be hired for the job. It involves six steps: (1) determine the use of the job analysis information; (2) collection of background information; (3) selection of jobs for analysis; (4) collection of job analysis data; (5) processing the information; (6) preparing job descriptions and job classifications; and (7) developing job specifications.

Techniques of job analysis are – observation method, questionnaires, participant diary/logs, interview, critical incidents, technical conference method, and job performance.

Job description and job specification are products of job analysis. Job description should indicate: duties to be performed by the job holder and the manner he should complete the tasks. Job specification: answer the question “what human traits and experience are necessary to do the job.

Job design is an attempt to create a match between job requirements and job attribute. Job rotation implies transfer to a job of same level and status. Job simplification enables the employees to do the without much specialized training

Job enlargement is the process of increasing the scope of job of a particular by adding more tasks to it. And job enrichment implies increasing the contents of a job or the deliberate upgrading of responsibility scope and challenge in work.

Job enlargement and job enrichment are both important forms of job design in order to enhance the productivity and satisfaction of the job holders.

3.12 SELF ASSESSMENT QUESTIONS

1. What do you understand by job analysis? What is its importance in the management of human resources?
2. What is job analysis? What steps are involved in the preparation of job analysis?
3. What are the byproducts of job analysis? Discuss the techniques used for collecting data for job analysis?
4. What is job description? How is it prepared?
5. Define job specification? How is it different from job description?

6. Write notes on :

   (i) Job Rotation

   (ii) Job Simplification

7. Distinguish between :
   (a) Job description and job specification
   (b) Job enlargement and job enrichment

8. "Job analysis is the most basic personnel management function." Discuss.

9. Clearly define and discuss the relationship among job analysis, job description and job specification.

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4

RECRUITMENT AND SELECTION PART I

Unit Structure

4.0 OBJECTIVES

After completing this unit, you will be able to:

- Define recruitment.
- Cite the steps in recruitment process.
- Understand the prerequisites of a good recruitment policy.
- Describe the various sources of recruitment.
- Understand the methods through which prospective candidates may be recruited.
- Point out the various factors affecting recruitment.

4.1 INTRODUCTION

Successful human resource planning should identify our human resource needs. Once we know these needs, we will want to do something about meeting them. The next step in the acquisition function, therefore, is recruitment. This activity makes it possible for us to acquire the number and types of people necessary to ensure the continued operation of the organization.

Hallett says, "It is with people that quality performance really begins and ends." Robert Heller also says, "If people of poor caliber are hired, nothing much else can be accomplished and Gresham's law will work: the bad people will drive out the good or cause them to deteriorate."

Recruiting is the discovering of potential candidates for actual or anticipated organizational vacancies. Or, from another perspective, it is a linking activity-bringing together those with jobs to fill and those seeking jobs.

4.2 RECRUITMENT: MEANING AND DEFINITION

4.2.1 DEFINITION

Recruitment forms a step in the process which continues with selection and ceases with the placement of the candidate. It is the next step in the procurement function, the first being the manpower planning. Recruiting makes it possible to acquire the number and types of people necessary to ensure the continued operation of the organisation. Recruiting is the discovering of potential applicants for actual or anticipated organisational vacancies.

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

According to Lord, "Recruitment is a form of competition. Just as corporations compete to develop, manufacture, and market the best product or service, so they must also compete to identify, attract and hire the most qualified people. Recruitment is a business, and it is a big business."

In the words of Dale Yoder, "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."

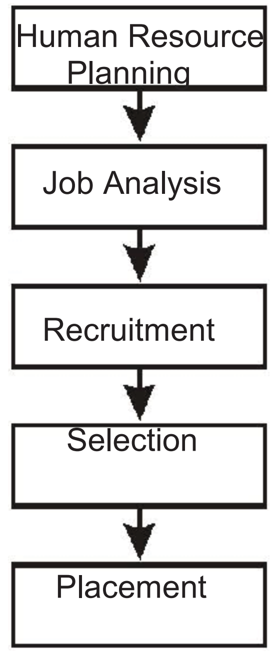

Figure 4.1: Recruitment to Human Resource Acquisition Process

According to Werther and 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 form which new employees are selected."

Dales S. Beach writes, "Recruitment is the development and maintenance of adequate manpower resources. It involves the creation of a pool of available labour upon whom the organisation can depend when it needs additional employees."

Thus, recruitment process is concerned with the identification of possible sources of human resource supply and tapping those sources. In the total process of acquiring and placing human resources in the organisation, recruitment falls in between different sub-processes as shown in Figure 4.2.

4.2.2 NEED FOR RECRUTMENT

According to Scott, Clothier and Spriegel the need for recruitment arises out of the following situations:

- Vacancies created due to expansion, diversification, and growth of business.
- An increase in the competitive advantage of certain concerns, enabling them to get more of the available business than formerly.

- An increase in business arising from an upswing during the recovery period of a business cycle.
- Vacancies created due to transfer, promotion, retirement, termination, permanent disability or death.
- The normal population growth, which requires increased goods and services to meet the needs of the people.
- A rising standard of living, which requires more of the same goods and services as well as the creation of new wants to be satisfied.

4.3 PROCESS OF RECRUITMENT

Recruitment process passes through the following stages:

Recruitment process begins when the personnel department receives requisitions for recruitment from any department of the company, The personnel requisitions contain details about the position to be filled, number of persons to be recruited, the duties to be performed, qualifications expected from the candidates, terms and conditions of employment and the time by which the persons should be available for appointment etc.

Locating and developing the sources of required number and type of employees. Identifying the prospective employees with required characteristics.

Developing the techniques to attract the desired candidates. The goodwill of an organisation in the market may be one technique. The publicity about the company being a good employer may also help in stimulating candidates to apply. There may be others of attractive salaries, proper facilities for development etc. Evaluating the effectiveness of recruitment process.

According to Famularo, personnel recruitment process involves five elements, viz., a recruitment policy, a recruitment organisation, a forecast of manpower, the development of sources of recruitment, and different techniques used for utilising these sources, and a method of assessing the recruitment programme.

The steps in the process of recruitment are explained below:

1. Recruitment Policy: It specifies the objectives of recruitment and provides a framework for theimplementation of the recruitment programme. It also involves the employer’s commitment to some principles as to find and employ the best qualified persons for each job, to retain the most promising of those hired, etc. It should be based on the goals, needs and environment of the organisation.

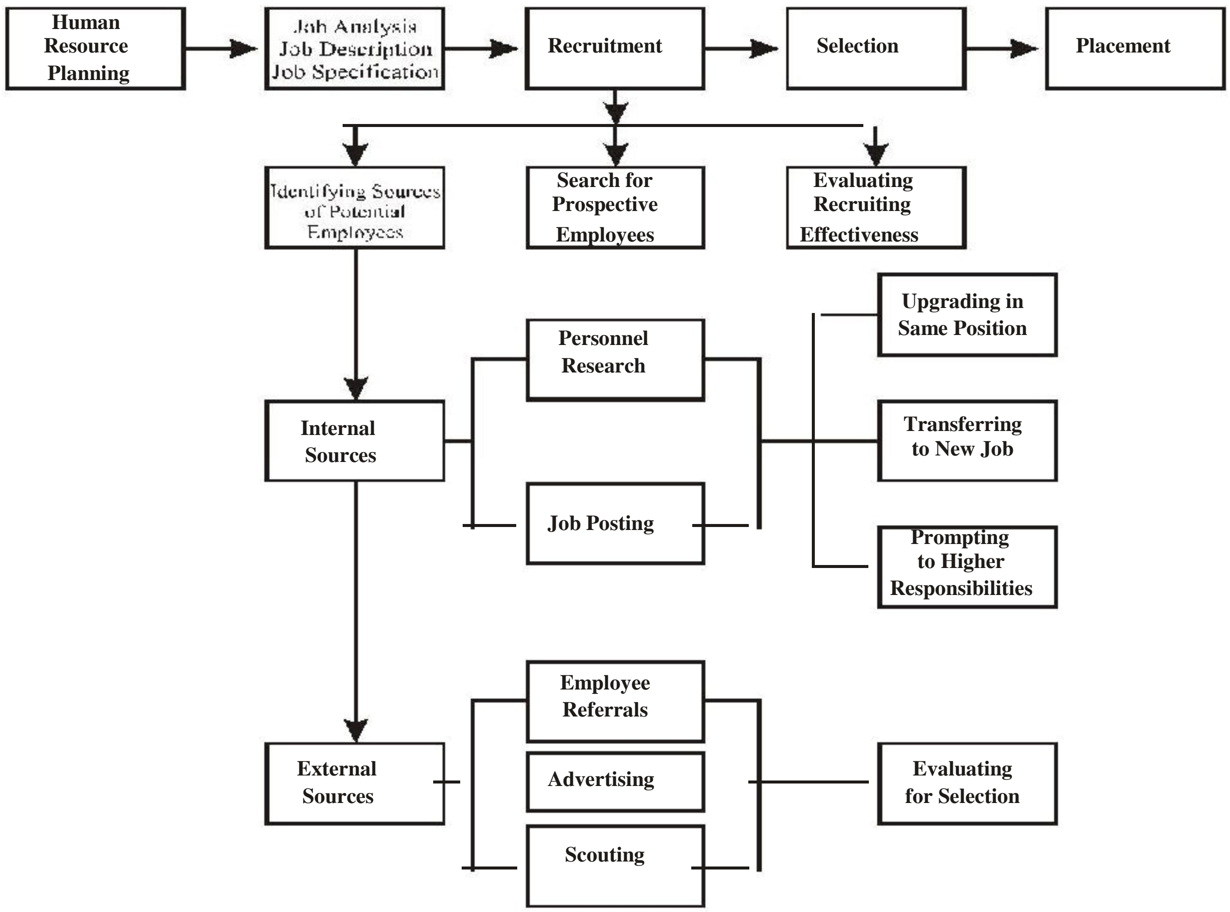

Figure 4.2 : Place of Recruitment in Selection System

2. Recruitment Organisation: The recruitment may be centralised like public sector banks ordecentralised. Both practices have their own merits. The choice between the two will depend on the managerial philosophy and the particular needs of the organisation.

3. Sources of Recruitment: Various sources of recruitment may be classified as internal and external. These have their own merits and demerits.

4. Methods of Recruitment: Recruitment techniques are the means to make contact with potential candidates, to provide them necessary information and to encourage them to apply for jobs.

5. Evaluation of Recruitment Programme: The recruitment process must be evaluated periodically.The criteria for evaluation may consist of cost per applicant, the hiring ratio, performance appraisal, tenure of stay, etc. After evaluation, necessary improvements should be made in the recruitment programme.

4.4 RECRUITMENT POLICY

4.4.1 Areas covered by the Recruitment Policy

As Yoder et al observe recruitment policy spells out the objectives of the recruitment and provides a framework for implementations of the recruitment programme in the form of procedures. It may involve a commitment to broad principles such as filling vacancies with the best qualified individuals. The recruitment policy may embrace several issues such as the extent of promotion from within, attitudes of enterprise in recruiting old, handicapped, and minor individuals, minority group members, part-time employees and relatives of present employees. In addition, the recruitment policy may also involve the organisation system to be developed for implementing the recruitment programme and procedures to be employed. Explicitly, an organisational system is a function of the size of an enterprise. In smaller enterprises, there may be merely informal recruiting procedures and the line official may be responsible to handle this function along with their usual responsibilities. On the other hand, in larger organisations, there is usually a staff unit attached with personnel or an industrial relations department designated as employment or recruitment office. This specialisation of recruitment enables staff personnel to become highly skilled in recruitment techniques and their evaluation. However, recruitment remains the line responsibility as far as the personnel requisition forms are originated by the line personnel, who have also the final word in the acceptance or rejection of a particular applicant. Despite this, the staff personnel have adequate freedom in respect of sources of manpower to be tapped and the procedure to be followed for this purpose.

Recruitment policy covers the following areas:

- To prescribe the degree of emphasis inside the organisation or outside the organisation.
- To provide the weightage that would be given to certain categories of people such as local population, physically-handicapped personnel, personnel from scheduled castes/tribes and other backward classes.
- To prescribe whether the recruitment would be centralised or decentralised at unit levels.
- To specify the degree of flexibility with regard to age, qualifications, compensation structure and other service conditions.

- To prescribe the personnel who would be involved in recruitment process and the role of human resource department in this regard.

- To specify the budget for meeting the expenditures incurred in completing the recruitment process.

According to Yoder, “the recruitment policy is concerned with quantity and qualifications of manpower.”It establishes broad guidelines for the staffing process.

According to Yoder generally the following factors are involved in a recruitment policy:

- To provide each employee with an open road and encouragement in the continuing development of his talents and skills;

- To provide individual employees with the maximum of employment security, avoiding, frequent lay-off or lost time;

- To avoid cliques which may develop when several members of the same household or community are employed in the organisation;

- To carefully observe the letter and spirit of the relevant public policy on hiring and, on the whole, employment relationship;

- To assure each employee of the organisation interest in his personal goals and employment objective; To assure employees of fairness in all employment relationships, including promotions and transfers;

- To provide employment in jobs which are engineered to meet the qualifications of handicapped workers and minority sections; and

- To encourage one or more strong, effective, responsible trade unions among the employees.

4.4.2 Prerequisites of a Good Recruitment Policy:

The recruitment policy of an organisation must satisfy the following conditions:

- It should be in conformity with its general personnel policies.

- It should be flexible enough to meet the changing needs of an organization.

- It should be so designed as to ensure employment opportunities for its employees on a long-term basis so that the goals of the organisation should be achievable; and it should develop the potentialities of employees.

- It should match the qualities of employees with the requirements of the work for which they are employed.

- It should highlight the necessity of establishing job analysis.

4.5 FACTOR AFFECTING RECRUITMENT

The factors affecting recruitment can be classified as:
1. Internal Factors
2. External Factors.

1. Internal Factors:

The internal factors are:

a. Wage and salary policies;
b. The age composition of existing working force;
c. Promotion and retirement policies;
d. Turnover rates;
e. The nature of operations involved the kind of personnel required;
f. The level and seasonality of operations in question;
g. Future expansion and reduction programmes;
h. Recruiting policy of the organisation;
i. Human resource planning strategy of the company;
j. Size of the organisation and the number of employees employed;
k. Cost involved in recruiting employees;
l. Growth and expansion plans of the organisation.

2. External Factors:

The external factors are:

a. Supply and demand of specific skills in the labour market;

b. Company's image perception of the job seekers about the company.

c. External cultural factors: Obviously, the culture may exert considerable check on recruitment. For example, women may not be recruited in certain jobs in industry.

d. Economic factors: such as a tight or loose labour market, the reputation of the enterprise in the community as a good pay master or otherwise and such allied issues which determine the quality and quantity of manpower submitting itself for recruitment.

e. Political and legal factors also exert restraints in respect of nature and hours of work for women and children, and allied employment practices in the enterprise, reservation of Job for SC, ST and so on.

4.6 SOURCES OF RECRUITMENT

After the finalisation of recruitment plan indicating the number and type of prospective candidates, they must be attracted to offer themselves for consideration to their employment. This necessitates the identification of sources from which these candidates can be attracted. Some companies try to develop new sources, while most only try to tackle the existing sources they have. These sources, accordingly, may be termed as internal and external.

1. Internal Sources

It would be desirable to utilise the internal sources before going outside to attract the candidates. Yoder and others suggest two categories of internal sources:

- Review of the present employees and:
- Nomination of candidates by employees.

Effective utilisation of internal sources necessitates an understanding of their skills and information regarding relationships of jobs. This will provide possibilities for horizontal and vertical transfers within the enterprise eliminating simultaneous attempts to lay off employees in one department and recruitment of employees with similar qualification for another department in the company. Promotion and transfers within the plant where an employee is best suitable improves the morale along with solving recruitment problems. These measures can be taken effectively if the company has established job families through job analysis programmes combining together similar jobs demanding similar employee characteristics. Again, employees can be requested to suggest promising candidates. Sometimes, employees are given prizes for recommending a candidate who has been recruited. Despite the usefulness of this system in the form of loyalty and its wide practice, it has been pointed out that it gives rise to cliques posing difficulty to management. Therefore, before utilising this system attempts should be made to determine through research whether or not employees thus recruited are effective on particular jobs. Usually, internal sources can be used effectively if the numbers of vacancies are not very large, adequate, employee records are maintained, jobs do not demand originality lacking in the internal sources, and employees have prepared themselves for promotions.

Merits of Internal Sources:

The following are the merits of internal sources of recruitment:

- It creates a sense of security among employees when they are assured that they would be preferred in filling up vacancies.
- It improves the morale of employees, for they are assured of the fact that they would be preferred over outsiders when vacancies occur.
- It promotes loyalty and commitment among employees due to sense of job security and opportunities for advancement.
- The employer is in a better position to evaluate those presently employed than outside candidates. This is because the company maintains a record of the progress, experience and service of its employees.
- Time and costs of training will be low because employees remain familiar with the organisation and its policies.
- Relations with trade unions remain good. Labour turnover is reduced.
- As the persons in the employment of the company are fully aware of, and well acquainted with its policies and know its operating procedures, they require little training, and the chances are that they would stay longer in the employment of the organisation than a new outsider would.
- It encourages self-development among the employees. It encourages good individuals who are ambitious.
- It encourages stability from continuity of employment.
- It can also act as a training device for developing middle and top-level managers.

Demerits of Internal Sources:
However, this system suffers from certain defects as:

- There are possibilities that internal sources may “dry up”, and it may be difficult to find the requisite personnel from within an organisation.

- It often leads to inbreeding, and discourages new blood from entering and organisation.

- As promotion is based on seniority, the danger is that really capable hands may not be chosen. The likes and dislikes of the management may also play an important role in the selection of personnel.

- Since the learner does not know more than the lecturer, no innovations worth the name can be made. Therefore, on jobs which require original thinking (such as advertising, style, designing and basic research), this practice is not followed.

- This source is used by many organisations; but a surprisingly large number ignore this source, especially for middle management jobs.

2. External Sources

DeCenzo and Robbins remark, "Occasionally, it may be necessary to bring in some 'new blood' to broaden the present ideas, knowledge, and enthusiasm." Thus, all organisations have to depend on external sources of recruitment. Among these sources are included:

- Employment agencies.
- Educational and technical institutes. and
- Casual labour or "applicants at the gate" and nail applicants.

A. Employment Agencies:

Public and private employment agencies play a vital role in making available suitable employees for different positions in the organisations. Besides public agencies, private agencies have developed markedly in large cities in the form of consultancy services. Usually, these agencies facilitate recruitment of technical and professional personnel. Because of their specialisation, they effectively assess the needs of their clients and aptitudes and skills of the specialised personnel. They do not merely bring an employer and an employee together but computerise lists of available talents, utilising testing to classify and assess applicants and use advanced techniques of vocational guidance for effective placement purposes.

B. Educational and technical institutes:

These institutes also form an effective source of manpower supply. There is an increasing emphasis on recruiting student from different management institutes and universities commerce and management departments by recruiters for positions in sales, accounting, finance, personnel and production. These students are recruited as management trainees and then placed in special company training programmes. They are not recruited for particular positions but for development as future supervisors and executives. Indeed, this source provides a constant flow of new personnel with leadership potentialities. Frequently, this source is tapped through on-campus interview with promising students. In addition, vocational schools and industrial training institutes provide specialised employees, apprentices, and trainees for semiskilled and skilled jobs. Persons trained in these schools and institutes can be placed on operative and similar jobs with a minimum of in-plant training. However, recruitment of these candidates must be based on realistic and differential standards established through research reducing turnover and enhancing productivity.

C. Casual labour or “applicants at the gate” and nail applicants

Frequently, numerous enterprises depend to some extent upon casual labour or “applicants at the gate” and nail applicants. The candidates may appear personally at the company’s employment office or send their applications for possible vacancies. Explicitly, as Yoder and others observe, the quality and quantity of such candidates depend on the image of the company in community. Prompt response to these applicants proves very useful for the company. However, it may be noted that this source is uncertain, and the applicants reveal a wide range of abilities necessitating a careful screening. Despite these limitations, it forms a highly inexpensive source as the candidates themselves come to the gate of the company. Again, it provides measures for good public relations and accordingly, all the candidates visiting the company must be received cordially.

D. Recruiting Sources Used by Skill and Level

Skill/Level	**Recruiting Source**	**Percentage of Use**
Unskilled and Semiskilled	Informal contacts	85
	Walk-ins	74
	Public Employment Agencies	66
	Want Ads	52
Skilled	Informal Contacts	88
	Walk-ins	66
	Public Employment Agencies	55
	Want Ads	55
Professional Employees	Internal Search	94
	Informal Contacts	92
	Walk-ins	71
	Public Employment Agencies	52
	Want Ads	48
	Private Employment Agencies	22
Managerial Level	Internal Search	100
	Informal Contacts	71
	Walk-ins	31
	Private Employment Agencies	20
	Want Ads	17
	Public Employment Agencies	12

Source: Adapted from Stephen L. Mangum, "Recruitment and job Search: The Recruitment Tactics of Employers. "Personnel Administrator, June 1982, p. 102.

E. Trade Unions:

As Jucius observes, trade unions are playing an increasingly important role in labour supply. In several trades, they supply skilled labour in sufficient numbers. They also determine the order in which employees are to be recruited in the organisation. In industries where they do not take active part in recruitment, they make it a point that employees laid off are given preference in recruitment.

F. Application Files:

Application files also forms a useful source of supply of work force. Attempts may be made to review the application to determine jobs for which the candidates filed for future use when there are openings in these jobs. The candidates may be requested to renew their cards as many times as they desire. All the renewed cards may be placed in "active" files and those not renewed for considerable time may be placed in "inactive" file or destroyed. Indeed, a well-indexed application file provides utmost economy from the standpoint of a recruiting budget.

Efficacy of alternative sources of supply of human resources should be determined through research. Attempts may be made to relate the factor of success on the job with a specific source of supply. Alternative sources can also be evaluated in terms of turnover, grievances and disciplinary action. Those sources which are significantly positively related with job performance and significantly negatively related with turnover, grievances and disciplinary action, can be effectively used in recruitment programmes. The assessment should be periodically performed in terms of occupations. It may be that source "A" is most effective for technical workers, while source "B" for semiskilled workers.

Advantages of External Recruitment:

External sources of recruitment are suitable for the following reasons:

- It will help in bringing new ideas, better techniques and improved methods to the organisation.
- The cost of employees will be minimised because candidates selected in this method will be placed in the minimum pay scale.
- The existing employees will also broaden their personality.
- The entry of qualitative persons from outside will be in the interest of the organisation in the long run.

- The suitable candidates with skill, talent, knowledge are available from external sources.

- The entry of new persons with varied expansion and talent will help in human resource mix.

Disadvantages of External Sources:

- Orientation and training are required as the employees remain unfamiliar with the organisation. It is more expensive and time-consuming.

- Detailed screening is necessary as very little is known about the candidate.

- If new entrant fails to adjust himself to the working in the enterprise, it means yet more expenditure on looking for his replacement.

- Motivation, morale and loyalty of existing staff are affected, if higher level jobs are filled from external sources. It becomes a source of heart-burning and demoralisation among existing employees.

4.7 METHODS OF RECRUITMENT

Methods of recruitment are different from the sources of recruitment. Sources are the locations where prospective employees are available. On the other hand, methods are way of establishing links with the prospective employees. Various methods employed for recruiting employees may be classified into the following categories:

1. Direct Methods:

These include sending recruiters to educational and professional institutions, employees, contacts with public, and manned exhibits. One of the widely used direct methods is that of sending of recruiters to colleges and technical schools. Most college recruiting is done in co-operation with the placement office of a college. The placement office usually provides help in attracting students, arranging interviews, furnishing space, and providing student resumes.

For managerial, professional and sales personnel campus recruiting is an extensive operation. Persons reading for MBA or other technical diplomas are picked up in this manner. For this purpose, carefully prepared brochures, describing the organisation and the jobs it offers, are distributed among students, before the interviewer arrives. Sometimes, firms directly solicit information from the concerned professors about students with an outstanding record. Many companies have found employees contact with the public a very effective method. Other direct methods include sending recruiters to conventions and seminars, setting up exhibits at fairs, and using mobile offices to go to the desired centers.

2. Indirect Methods:

The most frequently used indirect method of recruitment is advertisement in newspapers, journals, and on the radio and television. Advertisement enables candidates to assess their suitability. It is appropriate when the organisation wants to reach out to a large target group scattered nationwide. When a firm wants to conceal its identity, it can give blind advertisement in which only box number is given. Considerable details about jobs and qualifications can be given in the advertisements. Another method of advertising is a notice-board placed at the gate of the company.

3. Third-Party Methods:

The most frequently used third-party methods are public and private employment agencies. Public employment exchanges have been largely concerned with factory workers and clerical jobs. They also provide help in recruiting professional employees. Private agencies provide consultancy services and charge a fee. They are usually specialised for different categories of operatives, office workers, salesmen, 55 supervisory and management personnel. Other third-party methods include the use of trade unions. Labour-management committees have usually demonstrated the effectiveness of trade unions as methods of recruitment.

Several criteria discussed in the preceding section for evaluating sources of applicants can also be used for assessing recruiting methods. Attempts should be made to identify how the candidate was attracted to the company. To accomplish this, the application may consist of an item as to how the applicant came to learn about the vacancy. Then, attempts should be made to determine the method which consistently attracts good candidates. Thus, the most effective method should be utilised to improve the recruitment programme.

4.8 PHILOSOPHIES OF RECRUITMENT

4.8.1 Philosophies of recruitment

There are basically two philosophies of recruitment:

1. Traditional Philosophy:

The traditional philosophy is to get as many people as possible to apply for the job. As a result of this, a large number of job seekers apply for the job, which makes the final selection process difficult and can often result in the selection of wrong candidates. Wrong selection can, in turn, lead to employee dissatisfaction and turnover in the long run.

2. Realistic Philosophy:

In realistic philosophy, the needs of the organisation are matched with the needs of the applicants, which enhance the effectiveness of the recruitment process. In realistic approach, the employees who are recruited will stay in the organisation for a longer period of time and will perform at higher level of effectiveness.

4.8.2 Difference between Traditional and Realistic Job Preview

Traditional Job Preview	Realistic Job Preview
Setting unrealistic and high job expectations.	Setting realistic job expectations.
Job is viewed by the candidates as highly attractive	Attractiveness of job is evaluated in the light of realistic job expectations
High rate of acceptance of job offers.	Some accept and some reject job offers.
High expectation belied by actual job experience	Expectations are confirmed by job experience.
Creations of dissatisfaction, frustration and thoughts for leaving the job	Creation of satisfaction in the light of job expectations.
High rate of personnel turnover and lower rate of job survival	High rate of personnel retention and high rate of job survival

4.9 SUMMARY

Recruitment forms a step in the process which continues with selection and ceases with the placement of the candidate. It is the next step in the procurement function, the first being the manpower planning. Recruiting makes it possible to acquire the number and types of people necessary to ensure the continued operation of the organisation. Thus, recruitment process is concerned with the identification of possible sources of human resource supply and tapping those sources.

Recruitment process involves five elements, viz., a recruitment policy, a recruitment organisation, the development of sources of recruitment, and different techniques used for utilising these sources, and a method of assessing the recruitment programme. After the finalisation of recruitment plan indicating the numbers and type of prospective candidates, they must be attracted to offer themselves for consideration to their employment. This necessitates the identification of sources from which these candidates can be attracted. Some companies try to develop new sources, while most only try to tackle the existing sources they have. These sources, accordingly, may be termed as internal and external.

Methods of recruitment are different from the sources of recruitment. Sources are the locations where prospective employees are available. On the other hand, methods are way of establishing links with the prospective employees. Various methods employed for recruiting employees may be classified into direct methods, indirect methods and third party methods.

4.10 SELF ASSESSMENT QUESTIONS

1. Define recruitment and identify the various factors which affect recruitment.
2. Discuss the steps of recruitment process. How will you reconcile the internal and external sources of recruitment?
3. Discuss various sources of recruitment.
4. What is realistic job preview? How does it differ from traditional job preview?
5. What do you mean by recruitment policy? Explain the prerequisites of a good recruitment policy.
6. Write short notes on following.
   a. Advantages and disadvantages of internal sources of recruitment.
   b. Advantages and disadvantages of external source of recruitment.
7. Explain the direct, indirect and third party methods of recruitment.

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5

RECRUITMENT AND SELECTION PART II

Unit Structure

5.0 OBJECTIVES

After completing this unit, you will be able to:

- Understand and define selection and its process.
- Understand the selection process so as to make it effective.
- Understand in brief about placement and orientation.
- Explain the term 'Induction' and the objectives of induction.

5.1 INTRODUCTION

Human resource selection is the process of choosing qualified individuals who are available to fill positions in an organization. In the ideal personnel situation, selection involves choosing the best applicant to fill a position. Selection is the process of choosing people by obtaining and assessing information about the applicants with a view to matching these with the job requirements. It involves a careful screening and testing of candidates who have put in their applications for any job in the enterprise. It is the process of choosing the most suitable persons out of all the applicants. The purpose of selection is to pick up the right person for every job.

5.2 DEFINITION OF SELECTION

5.2.1 MEANING AND DEFINITION

It can be conceptualised in terms of either choosing the fit candidates, or rejecting the unfit candidates, or a combination of both. Selection involves both because it picks up the fits and rejects the unfits. In fact, in Indian context, there are more candidates who are rejected than those who are selected in most of the selection processes. Therefore, sometimes, it is called a negative process in contrast to positive programme of recruitment.

According to Dale Yoder, "Selection is the process in which candidates for employment are divided into two classes-those who are to be offered employment and those who are not".

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

In the words of Michael Jucius, "The selection procedure is the system of functions and devices adopted in a given company for the purpose of ascertaining whether or not candidates possess the qualifications called for by a specific job or for progression through a series of jobs."

According to Keith Davis, "Selection is the process by which an organisation chooses from a list of screened applicants, the person or persons who best meet the selection criteria for the position available."

Thus, the selection process is a tool in the hands of management to differentiate between the qualified and unqualified applicants by applying various techniques such as interviews, tests etc. The cost incurred in recruiting and selecting any new employee is expensive. The cost of selecting people who are inadequate performers or who leave the organisation before contributing to profits proves a major cost of doing business. Decenzo and Robbins write, "Proper selection of personnel is obviously an area where effectiveness - choosing competent workers who perform well in their position-can result in large saving." According to them, selection has two objectives: (1) to predict which job applicants would be successful if hired and (2) to inform and sell the candidate on the job and the organization. Satisfaction of employee needs and wants as well as the fullest development of his potential are important objectives of selection.

Dale Yoder says, "Selection has long held a high rank in the priority of problem areas in management. Investments in good people produce a very high rate of return. A good choice of people can provide a basis for long, sustained contributions."

5.2.2 DIFFERENCE BETWEEN RECRUITMENT AND SELECTION:

Difference between recruitment and selection has been described **by Flippo as**, "Recruitment is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organisation. It is often termed positive as is stimulates people to apply for jobs, selection on the other hand tends to be negative because it rejects a good number of those who apply, leaving only the best to be hired."

Recruitment and selection differs in following manner:

1. **Difference in Objective:** The basic objective of recruitment is to attract maximum number of candidates so that more options are available. The basic objective of selection is to choose best out of the available candidates.

2. **Difference is Process:** Recruitment adopts the process of creating application pool as large as possible and therefore. It is known as positive process. Selection adopts the process through which more and more candidates are rejected and fewer candidates are selected or sometimes even not a single candidate is selected. Therefore, it is known as negative process or rejection process.

3. **Technical Differences:** Recruitment techniques are not very intensive, and not require high skills. As against this, in selection process, highly specialised techniques are required. Therefore, in the selection process, only personnel with specific skills like expertise in using selection tests, conducting interviews, etc., are involved.

4. **Difference in Outcomes:** The outcome of recruitment is application pool which becomes input for selection process. The outcome of selection process is in the form of finalising candidates who will be offered jobs.

5.3 SELECTION PROCEDURE

The selection procedure is concerned with securing relevant information about an applicant. This information is secured in a number of steps or stages. The objective of selection process is to determine whether an applicant meets the qualification for a specific job and to choose the applicant who is most likely to perform well in that job. Selection is a long process, commencing from the preliminary interview of the applicants and ending with the contract of employment (sometimes).

The selection procedure consists of a series of steps. Each step must be successfully cleared before the applicant proceeds to the next. The selection process is a series of successive hurdles or barriers which an applicant must cross. These hurdles are designed to eliminate an unqualified candidate at any point in the selection process. Thus, this technique is called "Successive Hurdles Technique". In practice, the process differs among organisations and between two different jobs within the same organisation. Selection procedure for the senior managers will be long drawn and rigorous, but it is simple and short while hiring lower level employees.

The major factors which determine the steps involved in a selection process are as follows:

- Selection process depends on the number of candidates that are available for selection.
- Selection process depends on the sources of recruitment and the method that is adopted for making contact with the prospective candidates.
- Various steps involved in as selection process depend on the type of personnel to be selected.

All the above factors are not mutually exclusive, rather these operate simultaneously. In any case, the basic objective of a selection process is to collect as much relevant information about the candidates as is possible so that the most suitable candidates are selected. A comprehensive selection process involves the various steps as shown in Figure.

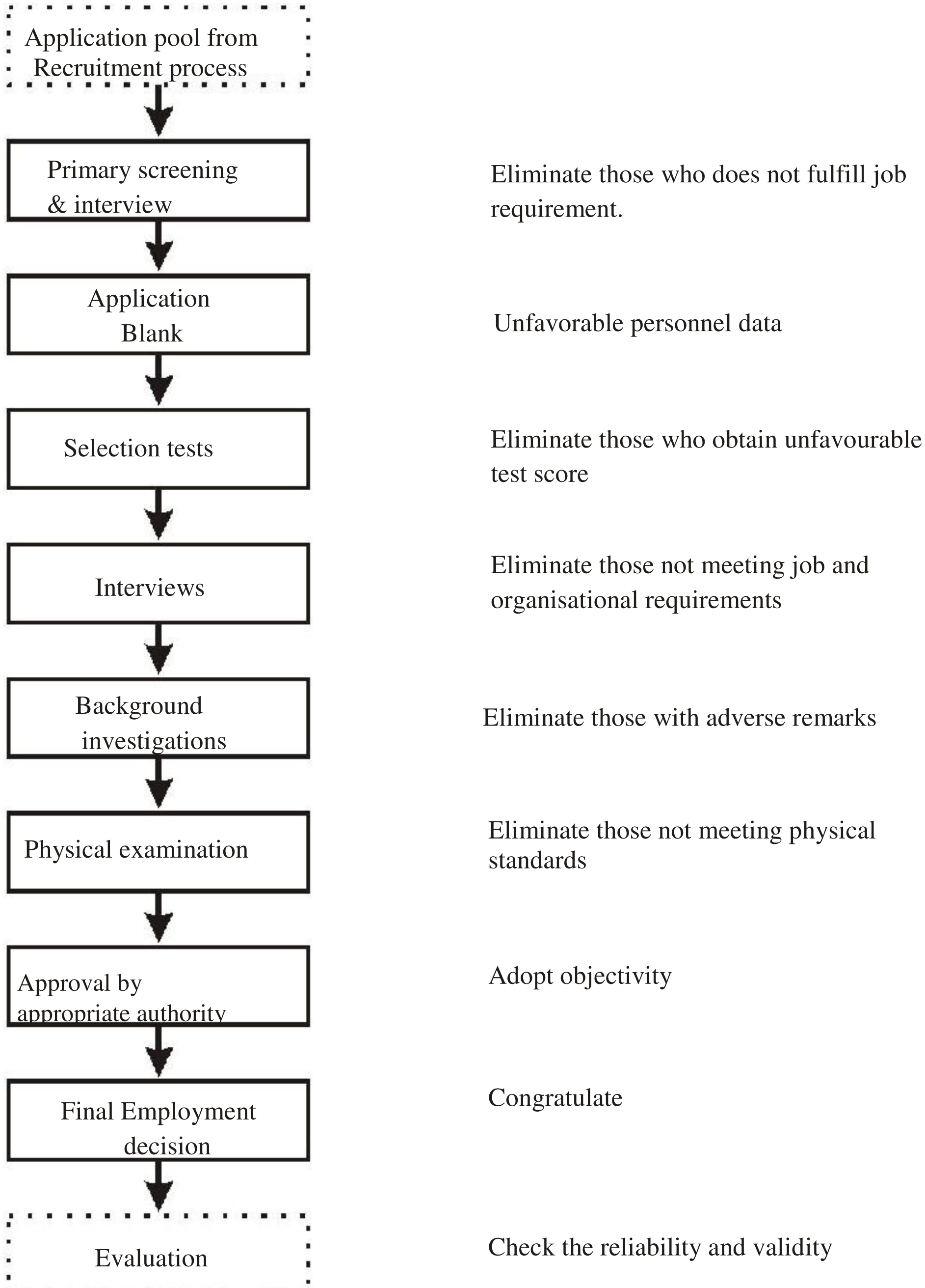

Figure: Steps in Selection Process

Above steps are explained below:

1. Application Pool:

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

2. Preliminary Screening and Interview

It is highly no economic to administer and handle all the applicants. It is advantageous to sort out unsuitable applicants before using the further selection steps. For this purpose, usually, preliminary interviews, application blank lists and short test can be used. All applications received are scrutinised by the personnel department in order to eliminate those applicants who do not fulfill required qualifications or work experience or technical skill, his application will not be entertained. Such candidate will be informed of his rejection.

Preliminary interview is a sorting process in which the prospective candidates are given the necessary information about the nature of the job and the organisation. Necessary information is obtained from the candidates about their education, skills, experience, expected salary etc. If the candidate is found suitable, he is elected for further screening. This courtesy interview; as it is often called helps the department screen out obvious misfits. Preliminary interview saves time and efforts of both the company and the candidate. It avoids unnecessary waiting for the rejected candidates and waste of money on further processing of an unsuitable candidate. Since rejection rate is high at preliminary interview, the interviewer should be kind, courteous, receptive and informal.

3. Application Blank or Application Form:

An application blank is a traditional widely accepted device for getting information from a prospective applicant which will enable the management to make a proper selection. The blank provides preliminary information as well as aid in the interview by indicating areas of interest and discussion. It is a good means of quickly collecting verifiable (and therefore fairly accurate) basic historical data from the candidate. It also serves as a convenient device for circulating information about the applicant to appropriate members of management and as a useful device for storing information for, later reference. Many types of application forms, sometimes very long and comprehensive and sometimes brief, are used.

Information is generally taken on the following items:

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

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

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

d. **Salary and Benefits:** Present and expected.

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

The application blank must be designed from the viewpoint of the applicant as well as with the company's purpose in mind. It should be relatively easy to handle in the employment office.

Application form helps to serve many functions like:

- Its main usefulness is to provide information for reference checking, good interviewing, and correlation with testing data.
- It helps to weed out candidates who are lacking in education, experience or some other eligibility traits.
- It helps in formulating questions to be asked in the interview.
- Data contained in application form can be stored for future reference.
- It also tests the candidate's ability to write, to organize his thoughts, and to present facts clearly and succinctly.
- It indicates further whether the applicant has consistently progressed to better jobs. It provides factual information.

Weighted Application Blanks

Some organisations assign numeric values or weights to the responses provided by the applicants. This makes the application form more job related. Generally, the items that have a strong relationship to job performance are given higher scores. For example, for a sales representative's position, items such as previous selling experience, area of specialisation, commission earned, religion, language etc. The total score of each applicant is then obtained by adding the weights of the individual item responses. The resulting scores are then used in the final selection. WAB is best suited for jobs where there are many employees especially for sales and technical jobs. It can help in reducing the employee turnover later on.

However, there are several problems associated with WAB:

- It takes time to develop such a form.
- The WAB would have to be updated every few years to ensure that the factors previously identified are still valid products of job success.
- The organisation should be careful not to depend on weights of a few items while finally selecting the employee.

4. Selection Tests:

Many organisations hold different kinds of selection tests to know more about the candidates or to reject the candidates who cannot be called for interview etc. Selection tests normally supplement the information provided in the application forms. Such forms may contain factual information about candidates. Selection tests may give information about their aptitude, interest, personality, which cannot be known by application forms. Types of tests and rules of good of testing have been discussed in brief below:

TYPES OF TEST:

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

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

c. **Interest Tests:** These determine the applicant’s interests. The applicant is asked whether helikes, dislikes, or is indifferent to many examples of school subjects, occupations, amusements, peculiarities of people, and particular activities.

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

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

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

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

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

RULES OF GOOD TESTING

- Norms should be developed for each test. Their validity and reliability for a given purpose should be established before they are used.
- Adequate time and resources must be provided to design, validate, and check tests.
- Tests should be designed and administered only by trained and competent persons.
- The user of tests must be extremely sensitive to the feelings of people about tests.
- Tests are to be uses as a screening device.
- Reliance should not be placed solely upon tests in reaching decisions.
- Tests should minimize the probabilities of getting distorted results.
- They must be ‘race-free’.
- Tests scores are not precise measures.
- They must be assigned a proper weightage.

5. Interview:

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

OBJECTIVES OF INTERVIEWS:

Interview helps:

- To obtain additional information from the candidate.
- Facilitates giving to the candidate information about the job, company, its policies, products etc.To assess the basic suitability of the candidate.
- The selection interview can be:
- One to one between the candidate and the interviewer:
- Two or more interviewers by employers representatives-sequential;
- By a panel of selections, i.e., by more than representative of the employer.
- The sequential interview involves a series of interviews; each interviewer meeting the candidate separately. The panel interview consists of two or more interviews meeting the candidate together.

TYPES OF INTERVIEWS:

Interviews can be classified in various ways according to:

A. Degree of Structure
B. Purpose of Interview
C. Content of Interview

A. Degree of Structure:

1. **Unstructured or non directive:** in which you ask questions as they come to mind. There is no set format to follow.

2. **Structured or directive:** in which the questions and acceptable responses are specified in advance. The responses are rated for appropriateness of content.

Structured and non-structured interviews have their pros and cons. In structured interviews all applicants are generally asked all required questions by all interviewers. Structured interviews are generally more valid. However structured interviews do not allow the flexibility to pursue points of interests as they develop.

B. Purpose of Interview:

1. **Selection interview**: This is a type of interview designed to predict future job performance, on the basis of applicant's responses to the oral questions asked to him.

2. **Stress interview: It** is a special type of selection interview in which the applicant is made uncomfortable by series of awkward and rude questions. The aim of stress interview is supposedly to identify applicant's low or high stress tolerance. In such an interview the applicant is made uncomfortable by throwing him on the defensive by series of frank and often discourteous questions by the interviewer.

C. Content of Interview:

1. **Job Related Interviews**: The content of interview can be of a type in which individual's ability to project a situation is tested. This is a situation type interview. **In job-related interview,** interviewer attempts to assess the applicant's past behaviours for job related information, but most questions are not considered situational.

2. **Behaviour interview:** In this type of interview a situation in described and candidates are asked how they behaved in the past in such a situation. While in **situational interviews** candidates are asked to describe how they would react to situation today or tomorrow. In the behavioural interview they are asked to describe how they did react to the situation in the past.

PRINCIPLES OF INTERVIEWING

To make the interview effective, it should be properly planned and conducted on certain principles. Edwin Flippo has described certain rules and principles of good interviewing to this end:

- Provide proper surroundings. The physical setting for the interview should be both private and comfortable.

- The mental setting should be one of rapport. The interviewer must be aware of non-verbal behaviour. Plan for the interview by thoroughly reviewing job specifications and job descriptions.

- Determine the specific objectives and the method of the interviewing.

- Inform yourself as much as possible concerning the known information about the interviewee. The interviewer should possess and demonstrate a basic liking and respect for people.

- Questions should be asked in a manner that encourages the interviewee to talk. Put the applicant at ease.

- Make a decision only when all the data and information are available. Avoid decisions that are based on first impressions.

- Conclude the interview tactfully, making sure that the candidate leaves feeling neither too elated nor frustrated.

- Maintain some written record of the interview during or immediately after it. Listen attentively and, if possible, protectively.

- Questions must be stated clearly to avoid confusion and ambiguity. Maintain a balance between open and overtly structured questions.

- ‘Body language’ must not be ignored.

- The interviewer should make some overt sign to indicate the end of the interview.

- Interviewing is largely an art, the application of which can be improved through practice.

6. Background Investigation:

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

The background investigation has major implications. Every personnel administrator has the responsibility to investigate each potential applicant. In some organization, failure to do so could result in the loss of his or her job. But many managers consider the background investigation data highly biased. Who would actually list a reference that would not give anything but the best possible recommendation? The seasoned personnel administrator expects this and delves deeper into the candidate's background, but that, too, may not prove to be beneficial. Many past employers are reluctant to give any information to another company other than factual information (e.g., date of employment).

Even though there is some reluctance to give this information, there are ways in which personnel administrators can obtain it. Sometimes, for instance information can be obtained from references once removed. For example, the personnel administrator can ask a reference whose name has been provided on the application form to give another reference, someone who has knowledge of the candidate's work experience. By doing this, the administrator can eliminate the possibility of accepting an individual based on the employee's current employer's glowing recommendation when the motivation for such a positive recommendation was to get rid of the employee.

7. Physical Examination:

After the selection decision and before the job offer is made, the candidate is required to undergo physical fitness test. Candidates are sent for physical examination either to the company's physician or to a medical officer approved for the purpose. Such physical examination provides the following information.

Whether the candidate's physical measurements are in accordance with job requirements or not? Whether the candidate suffers from bad health which should be corrected?

Whether the candidate has health problems or psychological attitudes likely to interfere with work efficiency or future attendance?

Whether the candidate is physically fit for the specific job or not?

Policy on these physical exams has changed today. Dale Yoder writes, "Modem policy used the physical examination not to eliminate applicants, but to discover what jobs they are qualified to fill. The examination should disclose the physical characteristics of the individual that are significant from the standpoint of his efficient performance of the job he may enter or of those jobs to which he may reasonably expect to be transferred or promoted. It should note deficiencies, not as a basis for rejection, but as indicating restrictions on his transfer to various positions also."

8. Approval by Appropriate Authority:

On the basis of the above steps, suitable candidates are recommended for selection by the selection committee or personnel department. Though such a committee or personnel department may have authority to select the candidates finally, often it has staff authority to recommend the candidates for selection to the appropriate authority. Organisations may designate the 65 various authorities for approval of final selection of candidates for different categories of candidates. Thus, for top level managers, board of directors may be approving authority; for lower levels, even functional heads concerned may be approving authority.

9. Final Employment Decision:

After a candidate is finally selected, the human resource department recommends his name for employment. The management or board of the company offers employment in the form of an appointment letter mentioning the post, the rank, the salary grade, the date by which the candidate should join and other terms and conditions of employment. Some firms make a contract of service on judicial paper. Usually an appointment is made on probation in the beginning. The probation period may range from three months to two years. When the work and conduct of the employee is found satisfactory, he may be confirmed. The personnel department prepares a waiting list and informs the candidates. In case a person does not join after being selected, the company calls next person on the waiting list.

10. Evaluation:

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

5.4 PLACEMENT AND ORIENTATION

5.4.1 MEANING OF PLACEMENT:

After an employee has been recruited he is provided with basic background information about the employer, working conditions and the information necessary to perform his job satisfactorily. The new employee's initial orientation helps him perform better by providing him information of the company rules, and practices.

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

A few basic principles should be followed at the time of placement of an employee on the job. **T**hese may be enumerated as below:

Principles of Placement:

- The job should be offered to the man according to his qualifications. The placement should neither be higher nor lower than the qualifications.

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

- The employee should be made conversant with the working conditions prevailing in the industry and all things relating to the job. He should also be made aware of the penalties if he commits a wrong.

- Man should be placed on the job according to the requirements of the job. The job should not be adjusted according to the qualifications or requirements of the man. Job first; man next, should be the principle of placement.
- The placement should be ready before the joining date of the newly selected person.
- The placement in the initial period may be temporary as changes are likely after the completion of training. The employee may be later transferred to the job where he can do better justice.

5.4.2 MEANING OF ORIENTATION:

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

According to John Bernardin, "Orientation is a term used for the organizationally sponsored, formalizedactivities associated with an employee's socialisation into the organisation."

Billimoria has defined orientation as, "Induction (orientation) is a technique by which a new employeeis rehabilitated into the changed surroundings and introduced to the practices, policies, and purposes of the organisation."

Orientation is one component of the new employee socialization process. Socialization is the ongoing process of instilling in all new employees prevailing attitudes, standards, values, patterns of behaviour that are expected by the organisation and its departments.

Thus, orientation is a process through which a new employee is introduced to the organisation. It is the process wherein an employee is made to feel comfortable and at home in the organisation. The new employee is handed over a rulebook, company booklets, policy manuals, progress reports and documents containing company information which are informational in nature. It is responsibility of the human resource department to execute the orientation programme.

5.5 INDUCTION

Induction is the important part of HR management and Development because after the appointments, it is the prime duty of an organization to make their newly employees acquainted with work place and environment. It is but obvious that they are curious as well as nervous initially. To reduce their anxiety and tension, induction training should be given to each and every newly appointed entrant. It makes them comfortable at work place and they get adapted to the work accordingly. So in this unit we shall study about induction and related issues of it.

5.5.1 Meaning:

Every organization has a recruitments policy by which many people are appointed time to time. These newly appointed employees are new to the job place and for them everything is strange. The environment, people, work system is new for them. They may feel nervous or stressed due to this all. So it is very essential to introduce them with the organization, its mission, vision, culture, system etc. every organization has to provide training to their new entrants.

It is known as induction. It is the next step after selection and placement. It helps newly joined employees to adjust him or her to the work in the organization and to make him or her feel at home with his co-workers. So in easy words, we can say that introducing new entrants with the organization and its people is induction.

It is must for the organizational as well as individual point of view. Induction is welcoming a new employee to the organization. In other words, it is a well orchestrated event to socialize the new entrant with the people and the work environment in a particular organization.

According to Michael Armstrong: “Induction is the process of receiving & welcoming an employee when he first joins a company & giving him basic information he needs to settle down quickly & happily & start work.”

5.5.2 OBJECTIVES OF INDUCTION:

- To help new employees not to feel strange being a part of the organization after appointment.
- To make employees familiar with the people, work culture, duties and responsibilities to be performed.
- To make them enable to adapt the new environment and feel stress free.
- To reduce exploitation by the unscrupulous co – workers.
- To make him feel confident at eh work place and work without anxiety and tension

5.5.3 PHASES / TYPES OF INDUCTION PROGRAMME:

Induction is not an immediate activity but it is a process an itself. Its stages are:

1. **General Induction**
2. **Specific Induction**
3. **Follow – up Induction**

1. General Induction

This first phase of induction is considered by the HR department. Here the new employees are made aware about the mission, philosophy and vision of the organization. The very purpose of the organization is made clear while introduction them with organization. The new employees is also briefed about his service condition, pay & perks, promotion procedure, personnel policies & grievance handling mechanisms practiced in the organization. This type of induction is given accordingly. No time is fixed for it. It may be given for a week or for many weeks.

2. **Specific Induction**

   This induction is given by the new employee's supervisor or boss. The focus is on the overall exposition of the new employee of the new employee to his job. the employee is introduced to the job, shown place of work & around the premises, introduced to the job. He is introduced to his colleagues & informed about the procedure of work, rules and conventions to be followed etc. This helps the new employee adjust with his work environment. It also improves the relationship between superior and subordinates.

3. **Follow – up Induction**

   This type of induction is carried to know whether the new entrant is capable to carry his duties or not or if he understood the organizational related issues. This induction is given by the employee's supervisor or a qualified specialist on industrialist psychology. It is more psychological in nature and concluded with the effectiveness of induction training provided already.

5.5.4 PROCEDURE FOLLOWED WHILE CARRYING INDUCTION PROGRAMME.

1. **Welcoming new entrants**

   The new employees need to be welcomed by the organization. It makes them well confident and starts feeling that they are being considered as a part of the organization. It creates a sense of belongingness among them. From the day of their joining, they should be treated with care.

2. **Determining the information:**

   In this stage it should be considered what the new entrants need to know. What exactly they are interested to know. Of course the basic information should be provided to them. It is also not necessary that everything should be informed at a time or load their minds with the information. They should be given time to adapt themselves with the organizational environment.

3. **Method of providing information;**

   At his stage, decision should be taken regarding how to provide the information to the employees. Most of the time through power point presentations is used in the classroom to train the new employees. But until otherwise employees are physically making acquainted with the organization, it will difficult to get mixed with everyone.

4. **Right Instructor:**

   It is expected that the induction training should be provided by the experienced staff or most of the time superior. It is very important because the mind of the new employee is full off questions and doubts. So the instructor should be a man of knowledge and motivated himself to help the new entrants come out of anxiety.

5. **Evaluation of the induction:**

   It is the last step of induction programme where attempts are made to understand to what extent the induction training has been useful to the employees. There are many methods of evaluating the effectiveness of induction programme. It helps HR department to bring new ideas in the area of induction training.

5.5.6 IMPORTANCE OF INDUCTION

1. **Easy entry:**
   Due to the induction training, newly appointed employees feel happy on the introduction with existing employees and the work environment. So induction helps them to get oriented with the everything within the organization.

2. **High morale:**
   Being made introduced with the organization, newly appointed employees feel highly motivated and their moral gets boosted. They fell satisfied doing work at right place and being trained formally, they get adapted the organizational environment easily.

3. **Role clarity:**
   Duplication work is avoided here by ensuring newly appointed employees what they are expected to do. They are made clearly understood with the work assigned and overcome with ambiguity.

4. **Satisfaction of the job:**
   Today most of the job skipping or turnover is observed because new entrants are not happy with job or they are not provided with proper training. If the induction is properly provided and they are introduced well with the organization, they feel contented and do the job at their best.

5. **Less absenteeism and turnover:**
   Most of the time an employee remains absent if he is not happy with the work place or do not many things at the work place. So if they are provided proper introduction, they do not remain absent and also do not leave an organization. But stay connected for long.

6. **Goodwill**
   Companies with good image in the market never compromise with any problem. They provide induction training to their entire entrant considering them an asset of the organization. It increases their goodwill or brand in the market.

5.6 SUMMARY

Selection is the process of picking up individuals out of the pool of the job applicants with requisite qualifications and competence to fill jobs in the organisation. Proper selection can minimize the costs of replacement and training, reduce legal challenges, and result in a more productive work force. The discrete selection process would include: Application Pool, Preliminary Screening and Interview, Application Blank or Application Form, Selection Tests, Interview Background Investigation, Physical Examination, Approval by Appropriate Authority, Final Employment Decision and Evaluation.

Selection process involves mutual decision making. The organisation decides whether or not to make a job offer and how attractive the job offer should be. The candidate decides whether or not the organisation and the job offer is according to his goals and needs. Selection of proper personnel helps the management in getting the work done by the people effectively.

To be an effective predictor, a selection device should be Reliable, Valid and Predict a relevant criterion

In India the selection process on hiring skilled and managerial personnel are fairly well defined and systematically practical.

5.6 SELF ASSESSMENT QUESTIONS

1. What do you understand by selection process? Discuss various steps involved in it.
2. What is application blank? What purpose does it serve? Explain the contents of an application blank.
3. Discuss the characteristics of a good test. Explain various types of tests used in the selection process.
4. What is an interview? What purpose does it serve? Discuss various types of interviews.
5. Discuss various guidelines to be followed for an interview.
6. Explain various steps involved in the selection of personnel.
7. What do you understand by placement and orientation?
8. What is induction training? What are the objectives of such training?
9. What are the stages or phases of carrying induction?
10. What are the various phases of induction?
11. Explain the importance and significance of induction.

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6

PERFORMANCE APPRAISAL

Unit Structure

6.0 OBJECTIVES

After completing this unit, you will be able to:

- Understand the concept of performance appraisal.
- State the meaning and importance of performance appraisal.
- Discuss the benefits and problems of appraisal.
- Enumerate the steps in performance appraisal process.
- Outline the objectives of performance appraisal
- Describe various appraisal methods.
- Outline few performance appraisal practices in India.

6.1 INTRODUCTION

In a casual sense, perfor-mance appraisals as old as mankind itself. In an official sense, performance appraisal of an individual began in the Wei dynasty (AD. 261-265) in China, where an Imperial Rater appraised the performance of the official family'.

In 1883, the New York City Civil Service in USA introduced a official appraisal programme shortly before World War . However, official appraisal of employees' performance is thought to have been started for the first time during the First World War, when at the instance of Walter Dill Scott, the US Army: adopted the "Man-to-man' rating system for evaluating personnel. For being fair and unbiased, in judging the employee it is necessary to review the performance of the person in the organization. This is now done in a systematic way in most countries of the world. The evaluation of an individual's performance in the organization is called Performance Appraisal.

The, system of performance appraisal compels the management to have a promotion policy within the organization. It also gives motivation to those employees who are efficient and are capable of working in a best way. It is also described as merit rating in which one individual is ranked as better or worse in comparison to others. The basic purpose in this merit rating is to determine an employee's eligibility for promotion. However, performance appraisal is a broad term and it may be used to ascertain the need for training and development, salary increase, transfer, discharge, etc. besides promotion.

In simple terms, performance appraisal may be understood as the review of an individual's performance in an orderly way, the performance is measured by considering factors like job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, co-operation, judgment, versatility, health, and the like. Evaluation should not be restricted to past performance alone but, the future performances of the employee should also be assessed.

6.2 MEANING OF PERFORMANCE APPRAISAL

Performance appraisal system has been defined in many ways. The easiest way to understand the meaning of performance appraisal is as follows:

It is the systematic assessment of an individual with respect to his or her performance on the job and his or her potential for development in that job. Thus, performance appraisal is a systematic and objective way of evaluating the relative worth or ability of an employee in performing his job. The two aspects of performance appraisal considered to be important are:

- **Systematic Aspect**:
  The appraisal is said to be systematic when it evaluates all performances in the same manner, by applying the same approach, so that appraisal of different persons are comparable. Such an

appraisal is taken from time to time according to plan; it is not left to probability. Thus, both raters' and rates know the system of performance appraisal and its timing.

- **Objective Aspect**:

  Appraisal has objectivity also. It's important is that it attempts at precise measurement by trying to remove human biases and prejudices.

According to Flippo, a prominent personality in the field of Human resources, "performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in the matters pertaining to his present job and his potential for a better job."

In the words of Yoder, "Performance appraisal refers to all formal procedures used in working organizations to evaluate personalities and contributions and potential of group members." Thus performance appraisal is a formal programme in an organization which is concerned with not only the contributions of the members who form part of the organization, but also aims at spotting the potential of the people."

It is a systematic way of judging the relative worth of an employee while carrying out his work in an organization. It also helps recognize those employees who are performing their tasks well and also- who are not performing their tasks properly and the reasons for such (poor) performance.

According to International Labor Organization, "A regular and continuous evaluation of the quality, quantity and style of the performance along with the assessment of the factors influencing the performance and behavior of an individual is called as performance appraisal."

In short, we can say that performance appraisal is expected to result in an assessment of: development potential of the employees, training needs for the employees; capabilities of employees being placed in higher posts, behavior and obedience of the employees; and the need of the organization to evolve a control mechanism.

6.3 NEED AND IMPORTANCE OF PERFORMANCE APPRAISAL

Performance is always measured in terms of outcome and not efforts. Performance Appraisal is needed in most of the organizations in order:

(1) To give information about the performance of employees on the job and give ranks on the basis of which decisions regarding salary fixation, demotion, promotion, transfer and confirmation are taken.

(2) To provide information about amount of achievement and behavior of subordinate in their job. This kind of information helps to evaluate the performance of the subordinate, by correcting loopholes in performances and to set new standards of work, if required.

(3) To provide information about an employee's job-relevant strengths and & weaknesses.

(4) To provide information so as to identify shortage in employee regarding ability, awareness and find out training and developmental needs.

(5) To avoid grievances and in disciplinary activities in the organization.

(6) It is an ongoing process in every large scale organization.

Performance appraisals in an organization provide employees and managers with an opportunity to converse in the areas in which employees do extremely well and those in which employees need improvement. Performance appraisals should be conducted on a frequent basis, and they need not be directly attached to promotion opportunities only.

It is important because of several reasons such as:

1. **Personal Attention:** Performance appraisal evaluation, gives employee to draw personal concern from supervisor and talk about their own strengths and weaknesses.

2. **Feedback:** Employees on a regular basis get feedback of their performances and issues in which they lack, which needs to be resolved on a regular basis.

3. **Career Path:** It allows employees and supervisors to converse goals that must be met to grow within the company. This may encompass recognizing skills that must be acquired, areas in which improvement is required, and additional qualification that must be acquired.

4. **Employee Accountability:** Employees are acquainted that their evaluation will take place on a regular basis and therefore they are accountable for their job performance.

5. **Communicate Divisional and Company Goals:** It not only communicates employees' individual goals but provides an opportunity for managers to explain organizational goals and in the manner in which employees can contribute in the achievement of those goals.

6.4 OBJECTIVES OF PERFORMANCE APPRAISAL

Performance appraisal in any organization is undertaken to meet certain objectives which may be in the form of salary increase, promotion, recognizing training and development needs, providing feedback to employees and putting stress on employees for better performance.

An employee in an organization may think that performance appraisal is basically used by the organization to blame employees and to take corrective actions, in such a case well thought out performance appraisal may results into failure. Therefore the objective of performance appraisal should be clear and specific. Thus including objectives into the appraisal system may draw attention to areas for improvement, new directions and opportunities.

1. **Salary Increase:** Performance appraisal plays an important role in making decision about increase in salary. Increase in salary of an employee depends on how he is performing his job. Evaluation of an employee takes place on a continuous basis which may be formally or informally. In a large as well as in small organizations performance appraisal takes place but it may be in a formal or informal way. It shows how well an employee is performing and to what extent a hike in salary would take place in comparison to his performance.

2. **Promotion**: Performance appraisal gives an idea about how an employee is working in his present job and what his strong and weak points are. In comparison to his strength and weaknesses it is decided whether he can be promoted to the next higher position or not. If necessary what additional training is required? Similarly it could be used for demotion, discharge of an employee and transfer.

3. **Training and Development:** Performance appraisal gives an idea about strengths and weaknesses of an employee on his present job. It gives an idea about the training required by an employee for overcoming the limitations that an employee is having for better performance in future.

4. **Feedback:** Performance appraisal gives an idea to each employee where they are, how they are working, and how are they contributing towards achievement of organizational objectives. Feed works in two ways. First, the person gets view about his performance and he may try to conquer his weaknesses which may lead to better performance. Second, the person gets satisfied after he relates his work with organizational objectives. It gives him an idea that he is doing a meaning full work and can also contribute in a better way.

5. **Pressure on Employees**: Performance appraisal puts a sort of stress on employees for better performance. If the employees are aware that they are been appraised in comparison to their performance and they will have positive and acceptable behaviour in this respect

6.5 METHODS / TECHNIQUES OF PERFORMANCE APPRAISAL

Performance appraisal methods are categorized in two ways traditional and modern methods. Each organization adopts a different method of performance appraisal according to the need of organization. In small organization, it may be on an informal basis where personal opinion of a superior about his subordi-nates may consider for appraisal.

Table: Methods of Performance Appraisal

Traditional Methods	Modern Methods
Ranking method	Management by Objectives (MB0)
Paired comparison	Behaviorally anchored rating scales
Grading method	Assessment centers
Forced distribution method	360-degree appraisal
Forced choice method	Cost accounting method
Checklist method	
Critical incidents method	
Graphic scale method	
Essay method	
Field review method	

6.5.1 TRADITIONAL METHODS

1. Ranking Method:

It is the oldest and simplest method of performance appraisal in which employees' are ranked on certain criteria such as trait or characteristic. The employee is ranked from highest to lowest or from worst to best in an organization. Thus if there are seven employees to be ranked then there will be seven ranks from 1 to 7.

Rating scales offer the advantages of flexibility comparatively easy use and low cost. Nearly every type of job can be evaluated with the rating scale, the only condition being that the Job-performance criteria should he changed' .In such a way, a large number of employees can be evaluated in a shorter time period.

The greatest limitation of this method is that differences in ranks do not indicate how much an employee of rank 1 is better than the employee whose rank is last.

2. Paired Comparison: In method is comparatively simpler as compared to ranking method. In this method, the evaluator ranks employees by comparing one employee with all other employees in the group. The rater is given slips where, each slip has a pair of names, the rater puts a tick mark next those employee whom he considers to be the better of the two. This employee is compared number of times so as to determine the final ranking.

This method provides compari-son of persons in a better way. However, this increases the work as the large number of com-parisons has to be made. For example, to rank 50 persons through paired comparison, there will be 1,225 comparisons. Paired comparison method could be employed easily where the numbers of employees to be compared are less. This may be calculated by a formula:

Number of Pairs to be compared = N (N — 1) / 2

Where N is the total number of persons to be compared.

For example:

If the following five teachers have to be evaluated by the Vice Chancellor of a University : Chinmay (C), Mohan (M), Rohit (R), Vishal (V), and Basanti (B), the above formula gives:

5 (5— 1)/2 = 10 pairs. These are;

CwithM,			
CwithR	MwithR		
CwithV	MwithV	RwithV	
CwithB	MwithB	RwithB	VwithB

Thus, the pairs to be compared give the maximum possible combinations in which an employee could be compared with one another. If an employee sores better number of times as compared to other employee is considered better, makes his/her score. Such scores are considered for each worker and he/she is ranked according to his/her score. This method cannot work when large number of employee is compared.

3. Grading Method: In this method, certain categories are defined well in advance and employees are put in particular category depending on their traits and characteristics. Such categories may be defined as outstanding, good, average, poor, very poor, or may be in terms of alphabet like A, B, C, D, etc. where A may indicate the best and D indicating the worst. This type of grading method is applied during Semester pattern of examinations. One of the major limitations of this method is that the rater may rate many employees on the better side of their performance.

4. Forced Distribution Method: This method was evolved to abolish the trend of rating most of the employees at a higher end of the scale. The fundamental assumption in this method is that employees' performance level conforms to a normal statistical distribution. For example, 10 per cent employees may be rated as excellent, 40 per cent as above average, 20 per cent as average, 10 per cent below average, and 20 per cent as poor. It eliminates or minimizes the favoritism of rating many employees on a higher side. It is simple and easy method to appraise employees. It becomes difficult when the rater has to explain why an employee is placed in a particular grouping as compared to others.

5. Forced-choice Method: The forced-choice rating method contains a sequence of question in a statement form with which the rater checks how effectively the statement describes each individual being evalu-ated in the organization. There may be some variation sin the methods and statements used, but the most common method of forced choice contains two statements both of which may be positive or negative. It may be both the statement describes the characteristics of an employee, but the rater is forced to tick only one i.e. the most appropriate statement which may be more descriptive of the employee. For example, a rater may be given the following two statements:

(i) The employee is hard working.

(ii) The employee gives clear instructions to his subordinates.

Though both of them describe the characteristics of an employee, the rater is forced to tick only one which appears to be more descriptive of the employee. Out of these two statements, only one statement is considered for final analysis of rating. For example, a rater may be given the following two statements:

(i) The employee is very sincere.

(ii) Employee gives clear and fast instructions to his subordinates.

Both of the above statements are positive but the rater is supposed to rate only one which is more appropriate of subordinate's behavior. For ranking only one statement is considered .As the rater is not aware about the statement to be considered the result would be free from bias. This method may be more objective but it involves lot of problems in framing of such sets of statements.

6. Check-list Method: The main reason for using this method is to reduce the burden of evaluator. In this method of evaluation the evaluator is provided with the appraisal report which consist of series of questions which is related to the appraise. Such questions are prepared in a manner that reflects the behavior of the concerned appraise. Every question has two alternatives, yes or no, as given below:

1. Is he/she respected by his/her subordinates? Yes/No
2. Is he/she ready to help other employees? Yes/No
3. Does her behavior remain same for everyone in the organization? Yes/No

The concerned rater/evaluator has to tick appropriate answers relevant to the appraises.

When the check-list is finished, it is sent to the personnel department to prepare the final scores for all appraises based on all questions based on yes or no. While preparing question effort is made to establish the level of consistency of the rater by asking the same question twice but in a different manner. This method is considered to be easy if questions are framed properly for different categories of employees.

However, one of the disadvantages of the check-list method is that it is very difficult to accumulate, analyze and evaluate a number of statements about employee characteristics and contributions. It is even costly method with lot of time and efforts required by the organization.

7. Critical Incidents Method: This method is very useful for finding out those employees who have the highest potential to work in a critical situation. Such an incidence is very important for organization as they get a sense, how a supervisor has handled a situation in the case of sudden trouble in an organization, whichgivesanideaabouthisleadershipqualitiesandhan-dlingofsituatio n.Itisalsosaidto be continuous appraisal method where employees are appraised continuously by keeping in mind the critical situation. In this method, only the case of sudden trouble and behavior associated with these incidents or trouble are taken for evaluation.

This method is categorized in three steps. First, a list of notable (good or bad) on-the-job behavior of specific incidents or sudden trouble is prepared. Second, selected experts would then assign weightage or score to these incidents according to how serious a particular incident is and their degree of willingness to perform a job. Third, finally a check-list indicating incidents that illustrate workers as good or “bad” is formed. Then, the checklist is given to the rater for evaluating the workers.

The strong point of critical incident method is that it focuses on behaviors and, thus, judge’s performance rather than personalities.

Its drawbacks are that too frequently they need to write down the critical incidents which are very time-consuming and burdensome for evaluators, i.e., managers. Generally, negative incidents are more noticeable than positives.

8. Graphic Scale Method: It is one of the simplest and most popular techniques for appraising performances of employee. It is also known as linear rating scale. In graphic rating scale the printed appraisal form is used to appraise each employee.

Such forms contain a number of objectives, and trait qualities and characters to be rated like quality of work and amount of work, job know how dependability, initiative, attitude, leadership quality and emotional stability.

The rater gives an estimate the extent to which subordinates possess each quality. The extent to which quality is possessed is measured on a scale which can vary from three points to several points. In general practice five-point scales is used. Some organizations use numbers in order to avoid the propensity of the rater to tick mark central points. It may be numbered or defined. Thus numbers like 5, 4, 3, 2 and 1 may denote points for various degrees of excellent-poor, high-low, or good-bad, and so on. Such numbers may be expressed in terms like excellent, very good, average, poor and very poor; or very high, high, average, low and very low.

Graphic scale method is good for measuring various job behaviors of an employee. But, it is bound to limitations of rater's bias while rating employee's behavior at job.

9. Essay Method: In this method, the rater writes a detailed description on an employee's characteristics and behavior, Knowledge about organizational policies, procedures and rules, Knowledge about the job, Training and development needs of the employee, strengths, weakness, past performance, potential and suggestions for improvement. It is said to be the encouraging and simple method to use. It does not need difficult formats and specific training to complete it.

10. Field Review Method: In this method of appraisal direct superior is not going to appraise an employee but appraised by another person, usually, from personnel department .The rater, in such a case, appraises the employee on the basis of his past records of productivity and other information such as absenteeism, late corning, etc. It is more suitable in a situation where an organization wants to provide promotion to an employee. It also gives information for comparing employees from different locations and units. It reduces partiality to some extent as personnel department person is supposed to be trained in appraisal mechanism. This method suffers from two limitations:

1. As employees are not rated by immediate boss, the rater from other department may not be familiar with the conditions in an employee's work environment which may hamper his ability and work motivation to perform.

2. The rater from other department do not get a chance to scrutinize the employee's behavior or performance with different time interval and in a variety of situations, but only in an unnaturally structured interview situation which is for a very short period of time.

6.5.2 MODERN METHODS

1. Management by Objectives (MB0): The concept of 'Management by Objectives' (MBO) wascoined by Peter Drucker in 1954. It is a process where the employees and the superiors come together to identify some goals which are common to them, the employees set their own goals to be achieved, the benchmark is taken as the criteria for measuring their performances and their involvement is there in deciding the course of action to be followed.

The basic nature of MBO is participative, setting their goals, selecting a course of actions to achieve goals and then taking decision. The most important aspect of MBO is measuring the actual performances of the employee with the standards set by them. It is also said to be a process that integrates organizational objectives into individual objectives.

- **Steps in MBO:**

Entire programme of MBO is divided in four major steps i.e. Setting up of goal, Action Planning, Comparison and Timely Review.

a. **Setting up of goal**-In goal setting superior and subordinate together set certain goals, i.e. the expected outcome that each employee is supposed to achieve.

b. **Action Planning:** In action planning, the manner in which goals could be achieved is determined i.e. identifying the activities which are necessary to perform; to achieve pr determined goals or standards. When the employees start with their activities, they come to know what is to be done, what has been done, and what remains to be done and it also gives an idea about the resources to be achieved.

c. **Timely Review**: In this third step, the goals set by the individual employee are compared with the actual goals achieved. It gives an idea to the evaluator as why there is a variation in desired outcome and actual outcome .Such a comparison helps create need for training so as to enhance employees' performance. Finally, in the timely review step, corrective actions are taken so that actual performances do not deviates from standards established in beginning.

The main reason for conducting reviews is not to humiliate the performer but to assist him in better performances in future.

- **Advantages of MBO:**

Few advantages of MBO are:

a. it is outcome oriented method.

b. It coordinates the planning and control functions and provides motivation.

c. Employees are clear about the task that they are expected to perform and also how they may be evaluated.

- **Limitations of MBO:**

MBO do have certain limitations such as:

a. It is time consuming process.

b. Employees and the superiors jointly setting the goals may lead to conflict as employee would always like to set lower goal and the superior would like to set it on the higher side.

c. Lack of confidence in employee by management.

2. Behaviorally Anchored Rating Scales: This method is a combination of traditional rating scales and critical incidents methods. It consists of preset critical areas of job performance or sets of behavioral statements which describes the important job performance qualities as good or bad (for e.g. the qualities like inter personal relationships, flexibility and consistency, job knowledge etc). These statements are developed from critical incidents.

These behavioral examples are then again translated into appropriate performance dimensions. Those that are selected into the dimension are retained. The final groups of behavior incidents are then scaled numerically to a level of performance that is perceived to represent. A rater must indicate which behavior on each scale best describes an employee’s performance. The results of the above processes are behavioral descriptions, such as anticipate, plan, executes, solves immediate problems, carries out orders, and handles urgent situation situations.

- **Advantages:**

This method has following advantages:

a. It reduces rating errors as the behavior is assessed over traits.

b. It gives an idea about the behavior to the employee and the rater about which behaviors bring good Performance and which bring bad performance.

3. Assessment Centers: It is a method which was first implemented in German Army in 1930. With the passage of time industrial houses and business started using this method. This is a system of assessment where individual employee is assessed by many experts by using different technique of performance appraisal. The techniques which may be used are role playing, case studies, simulation exercises, transactional analysis etc.

In this method employees from different departments are brought together for an assignment which they are supposed to perform in a group, as if they are working for a higher post or promoted. Each employee is ranked by the observer on the basis of merit .The basic purpose behind assessment is to recognize whether a particular employee can be promoted, or is there any need for training or development.

- **Advantages:**

This method has certain advantages such as it helps the observer in making correct decision in terms of which employee has the capability of getting promoted.

- **Disadvantages:**

It has certain disadvantages also it is costly and time consuming, discourages the poor performers etc.

4. 360 Degree Performance Appraisals: This method is also known as 'multi-rater feedback', it is the appraisal in a wider perspective where the comment about the employees' performance comes from all the possible sources that are directly or indirectly related with the employee on his job.

In 360 degree performance appraisal an employee can be appraised by his peers, managers (i.e. superior), subordinates, team members, customers, suppliers/ vendors - anyone who comes into direct or indirect contact with the employee and can provide necessary information or feedback regarding performance of the employee the "on-the- job".

The four major component of 360 degree performance appraisal are

1. Employees Self Appraisal
2. Appraisal by Superior
3. Appraisal by Subordinate
4. Peer Appraisal.

Employee self appraisal gives an option to the employee to know his own strengths and weaknesses, his achievements, and judge his own performance. Appraisal by superior forms the traditional part of the 360 degree performance appraisal where the employees' responsibilities and actual performance is judged by the superior.

Appraisal by subordinate gives a chance to evaluate the employee on the basis of communication and motivating abilities, superior's ability to delegate the work, leadership qualities etc. It is also known as internal customers; the correct opinion given by peers can aid to find employees' who are co-operative, employees who ready to work in a team and understanding towards others.

5. Cost Accounting Method: In this method performance of an employee is evaluated on the basis of monetary returns the employee gives to his or her organization. A relationship is recognized between the cost included in keeping the employee in an organization and the benefit the organization gets from him or her. The evaluation is based on the established relationship between the cost and the benefit. The following factors are considered while evaluating an employee's performance:

a. Interpersonal relationship with others.
b. Quality of product produced or service given to the organization.
c. Wastage, damage, accidents caused by the employee.
d. Average value of production or service by an employee.
e. Overhead cost incurred.

6.6 THE PERFORMANCE APPRAISAL PROCESS

The performance appraisal system of one organization may vary from other organizations, though some of the specific steps that an organization may follow are as follows:

1. **Establish Performance Standards:** It begins by establishing performance standards i.e. what they expect from their employee in terms of outputs, accomplishments and skills that they will evaluate with the passage of time. The standards set should be clear and objective enough to be understood and measured. The standards which are set are evolved out of job analysis and job descriptions. Standards set should be clear and not the vague one. The expectation of the manager from his employee should be clear so that it could be communicated to the subordinates that they will be appraised against the standards set for them.

2. **Communicating the Standards set for an Employee:** Once the standards for performance are set it should be communicated to the concerned employee, about what it expected from them in terms of performance. It should not be part of the employees' job to estimate what they are expected do. Communication is said to be two ways street, mere passing of information to subordinate does not mean that the work is done. Communication only takes place when the information given has taken place and has been received and understood by subordinate. . If necessary, the standards may be tailored or revised in the light of feedback obtained from the employees.

3. **Measuring of the Actual Performances:** It is one of the most crucial steps of performance appraisal process. It is very important to know as how the performance will be measured and what should be measured, thus four important sources frequently used by managers are personal observation, statistical reports, oral reports, and written reports. However, these resources give more reliable information. What we measure is probably more critical to the evaluation process than how we measure. The selection of the incorrect criteria can result in serious consequences. What we measure gives an idea about what people in an organization will attempt to achieve. The criteria which are considered must represent performance as stated in the first two steps of the appraisal process.

4. **Comparing Actual Performance with Standards Set in the Beginning:** In this step of performance appraisal the actual performance is compared with the expected or desired standard set. A comparison between actual or desired standard may disclose the deviation between standard performance and actual performance and will allow the evaluator to carry on with the discussion of the appraisal with the concerned employees.

5. **Discussion with the Concerned Employee:** In this step performance of the employee is communicated and discussed. It gives an idea to the employee regarding their strengths and weaknesses. The impact of this discussion may be positive or negative. The impression that subordinates receive from their assessment has a very strong impact on their self esteem and, is very important, for their future performances.

6. **Initiate Corrective Action:** Corrective action can be of two types; one is instant and deals primarily with symptoms. The other is basic and deals with the causes. Instant corrective action is often described as “putting out fires”, where as basic corrective action gets to the source from where deviation has taken place and seeks to adjust the differences permanently. Instant action corrects something right at a particular point and gets things back on track. Basic action asks how and why performance deviated. In some instances, managers may feel that they do not have the time to take basic corrective action and thus may go for “perpetually put out fires.

Thus the appraisal system of each organization may differ as per the requirement of that Organization.

6.7 FACTORS AFFECTING PERFORMANCE APPRAISAL

There are various factors which may influence the performance appraisal system in any organization. There are some factors which introduce bias whereas; some other factors hinder purposeful assessment. Such factors are as follows:

1. **Value System of Evaluator:** The task of evaluator is to assess the work of subordinate and write reports of the same. They are projected to do this for some purposeful assessment. It happens that evaluator sometime judges the performance on the basis of their own value system. Each person has his own value system and socio-cultural environment. Mostly, it is found that the reports are influenced by the evaluator's value-system. This subjective element has lot of impact on final report.

2. **Dominant Work Orientation:** The performance Appraisal Report of a subordinate is prepared by a superior is found to have an impact by the dominant work orientation of the superior officer. Sometimes there is more emphasis on certain aspect of the work as compared to other aspect which may be equally important by the superior. It introduces subjectivity performance appraisal system.

   a) Inclination for work of dynamic nature.
   b) Liking for routine work and strict maintenance of.
   c) Importance on inter-personal relations and rank.
   d) Emphasis on qualities which do not have much functional utility; and
   e) Emphasis on consistency to some philosophy.

These elements bring subjectivity in the process of evaluation, influence the judgment of the superior and distort the evaluation of performance of the subordinates.

3. **Loyalty:** It plays a vital role in evaluating employee. An Employee shows loyalty due to many reasons such as common values, objectives, emotional needs, interests, caste, religion, language or region. Loyalty brings the superior and the loyal subordinate closer and closer to each other, and creates distance between those employees who are not loyal to their superior. This makes assessment of superior to be biased.

4. **Level of Achievement**: Subordinates evaluation may also depend on the level of achievement ofthe superior. If there is a vast difference between the level of achievement of the superior and Subordinate, then it can create problems of adjustment and purpose for which evaluation is done is not achieved.

5. **Factors Hindering Objective Assessment:** There are various factors which obstruct the objective appraisal of the performance of the subordinates. These factors are as follows:

   a. Superiority complex of the superior reporting officer.
   b. Overall performance assessment does not take place only certain incidences are assessed.
   c. Past-record of the subordinate.
   d. Personality of the subordinate.
   g) Ability of the subordinate to exercise influence at higher level.

6.8 BENEFITS OF PERFORMANCE APPRAISAL

An effective performance appraisal system can be of benefit to three parties they are for organization, for appraiser and for appraisee.

1. **For the Organizations:**

Following are the benefits to an organization:

a. It leads to better performance throughout the organization, due to successful communication of the objectives and values of the organizations, sense of being close to the organization, loyalty and improved relationships between managers and staff.
b. Overall improvement in the duties performed by each employee of the organization.
c. Due to performance appraisal of employee new ideas for improvement in their work is generated. Long-term plans can be generated.
d. The need for training and development can be identified more clearly.
e. A tradition of nonstop improvement and success in the organization can be formed and maintained. Career development plans can be chalked out for capable employee to enhance their performance in future.

2. **For the appraiser:**

Following are the benefits to the appraiser:

a. It gives an opportunity to the appraiser to develop a general idea of individual jobs and departments. For every new or difficult situation new idea is generated for improvement or for overcoming that problem.

b. It gives an opportunity to integrate team and individual objectives and targets with departmental and organizational objectives.

c. It gives an opportunity to explain the amount of work expected by manager from teams and individuals.

d. It gives an opportunity to focus more on targets.

e. It enables to form more productive relationship with staff based on mutual trust and understanding.

3. For the Appraisee:

Following are the benefits for the appraisee:

a. Increased motivation.

b. Increased job satisfaction.

c. Increased sense of personal value. Increase in morale of an employee.

d. It gives an opportunity to know their strength and weaknesses. It gives an idea about areas of their improvement.

e. There will be a chance to subordinate to express his views even after performance appraisal An employee should express his emotional needs and his value system which is considered to be important today.

6.9 PROBLEMS / LIMITATIONS OF PERFORMANCE APPRAISAL

Performance appraisal technique is very beneficial for an organization for taking decisions regarding salary fixation, demotion, promotion, transfer and confirmation etc. But, it is not free from problems. Some of these problems are as follows:

Problems with Performance Appraisal are:

1. Leniency Error

Typically some raters have a tendency to avoid conflict with their employees and project themselves as ‘good managers’. In an effort to avoid conflict, the rater has the tendency to be overly generous in judgment. They assign higher rating to an employee’s performance than warranted by his actual level of performance.

2. Strictness Error:

Strictness error refers to the tendency of raters to be overly harsh while judging performance of employees. This may be a case where the standards of performance may be too high or unrealistic or the manager's personality characteristics or experience may be the cause. Such strictness results in lower rating of all employees under the rater and cause frustration and anger in good performers. Leniency or severity on the part of a rater defeats the very purpose of performance appraisal. Depending on rater's own mental make up at the time of appraisal, rater may rate strictly or leniently. Holding raters accountable for the accuracy of their ratings, especially when ratings are for administrative purposes, may be an effective strategy for reducing leniency error. (Ami B. et al. 2005)

2. Spill over Effect

A spillover effect takes place when past performance appraisal ratings unjustifiably influence current ratings. Past ratings, good or bad, result in similar rating for current appraisal although demonstrative behavior does not deserve the ratings, good or bad.

4. Bias Effect

This effect to allow individual differences such as sex, race, and age to affect the appraisal ratings employee receive. The interpersonal affect, a like-dislike relationship between a supervisor and his/her subordinate, has traditionally been conceptualized as a source of bias in performance appraisals. However, some researchers have argued that the interpersonal affect may not be a bias, especially where it develops as a result of past performance.

5. Halo Effect

In halo effect, the appraiser / manager draws on one specific characteristics/accomplishment to excessively influence performance review or applies favourable ratings to all job duties based on impressive performance in one area. For example, if an employee is accurate in work but lacks initiative.

This error takes place when one aspect of an individual's performance affects the appraisal of his entire performance. In an organisation halo error occurs when an employee who works late constantly might be rated high on productivity and quality of output as well as on motivation.

6. Horn Effect

Highly critical bosses have tendency to compare performance of their subordinates with negative attitude.

6. Rater Effect

High or low ratings are given to certain individuals or groups based on rater's attitude towards the ratee not on actual performance or output. This includes stereotyping, favouritism and hostility.

Recent performance appraisal research has highlighted the important role played by contextual and individual factors in shaping rating behavior such as personality factors or beliefs, systematically affect rating behavior. The effects of these context and rater factors are reflected in ratings accuracy, ratings discrimination among raters/dimensions, and rating elevation. (Aharon Tziner et. al 2005)

According to the findings of a study attitudes and beliefs account for substantial variance in rater's likelihood of giving high or low ratings, willingness to discriminate good from poor performers, and willingness to discriminate among various aspects of job performance when completing actual performance ratings. (Aharon Tziner et al. 2001)

7. Status Effect

The employees working at higher level jobs are overrated whereas employees working at lower level jobs underrated.

8. Latest behaviour

Sometimes, the appraisal is influenced by the most recent behaviour, ignoring the common behaviour of an individual during the entire period.

9. Shifting Standards

Performance appraisal should be based on uniform and fair standards. If the standards are changed then employees might get confused and organisation might not be able to promote right candidate. For e.g. last year quality was the criteria for appraisal but boss decides to judge them this year on the basis of quantity.

10. First impression

Raters may form an overall impression of a candidate based on some specific qualities or behaviour in first meeting and carry it forward. At the time of appraisal rater rates a candidate with same impression.

11. Poor appraisal forms

The appraisal process might also be influenced by certain factors relating to appraisal forms such as vague and unclear rating scale, irrelevant performance dimension, long and complex contents in the form etc.

12. Situational factors:

Theory and research suggest that both person and situation influence observed performance. System or situational factors can either enhance or constrain performance. If raters do not compensate for the influence of situational factors, ratings will be contaminated with situational influences and will fail to validly reflect the true level of performance (I.M. Jawahar, 2005).

13. Political Purposes

There is evidence that performance ratings are often manipulated for political purposes. The study examined the effects of employees' perceptions of political motives in performance appraisal on their job satisfaction and intention to quit results indicated that when employees perceived performance ratings to be manipulated because of raters' personal bias and intent to punish subordinates they expressed reduced job satisfaction that, in turn, led to greater intentions to quit their jobs. Manipulations of ratings for motivational purposes, however, had no effect on job satisfaction and turnover intention. (June M.L. Poon, 2004)

6.10 PERFORMANCE APPRAISAL PRACTICES IN INDIA

The systematic study of performance appraisal practices in India is very limited. According to few studies in India the performance appraisal is mainly undertaken for three objectives such as (i) to determine increments in salary; (ii) to assist organizational planning, placement, or suitability; and (iii) for training and development purposes. Other objectives of appraisal were: informing employee where they stand in organization, follow-up interviews, etc.

Every company uses different criteria to evaluate their employees. There are basically three groups of criteria being used for appraisal purpose:

a. Evaluation of qualitative characteristics, such as, intelligence, reliability, honesty, leadership and attitudes, abilities, etc.,
b. Evaluation of actual performance- qualitatively and quantitatively; and
c. Evaluation of development and future potential and development by an employee during the period under consideration.

Evaluation criteria vary from company to company. There is vast deviation in periodicity of appraisal of employees. Few companies appraise annually, some appraise half-yearly, and a few quarterly; however, annual appraisal is most common among many.

The emergence of following trends related to Performance appraisal practices can be seen in the global scenario: 360 degree feedback, Team performance appraisal, Rank and yank strategy.

1) **360 Degree Feedback:** It is also known as ‘multi-rater feedback’, where the feedback about the employees’ performance comes from all the sources that come in contact with the employee on his job.

2) **Team Performance Appraisal:** In this method each employee performance is measured as ateam member as well as individually.

3) **Rank and Yank Strategy:** It is also known as up or out policy where the performance appraisal model is prepared in which best-to-worst ranking methods are used to identify and separate the poor performers from the good performers. Then certain plans are chalked out for improvement. Some of the organizations following this strategy are Ford, Microsoft and Sun Microsystems.

6.11 EFFECTIVE PERFORMANCE APPRAISAL

The performance appraisal system is always questioned in terms of its effectiveness and the problems of reliability and validity. It is always difficult to know whether what is appraised is what was supposed to be appraised. As long as subjective judgment is there this question cannot be answered perhaps, the following steps can help improve the system.

a) The supervisors should be told that they themselves will be evaluated on the basis of how seriously they are performing their duties.

b) To perform assigned task of evaluation in a better way superior should be provided with better training of writing report.

c) To carry out job evaluation studies and prepares job descriptions/roles and prepares separate forms for various positions in the organization.

d) The system should be designed in such a way that it is neither difficult to understand nor impossible to practice.

e) The supervisor should monitor whether the improvement in performance in the areas found weak is taking place or not and, if not, help the employee to achieve the required improvement.

Characteristics of an Effective Performance Appraisal System

According to Watson and Wyatt Survey (2002), "organisations need strategic support of employees in new economy. People are more important than ever, people are the only sustainable source of competitive advantage". Thus, performance appraisal assumes significance for every business organisation. A good appraisal system possesses the following characteristics:

- It is based on evidence
- It is highly individualized
- It is a joint activity
- It strives for understanding.
- It creates commitment
- It maximizes self-analysis and self-discovery
- It results in improved performance

The essential characteristics of an effective performance appraisal system are as follows:

1. **Simple rating system**: The rating system should be simple and based on job analysis for ensuring accuracy and fairness of performance evaluation of employees.

2. **Training in appraisal system**: All employees, including managers, should be trained to use the appraisal system so that they understand the objectives, methodology and purpose of performance appraisal.

3. **Quantifying performance**: Performance appraisal should be based on accurate up-to-date job descriptions and ratings be made on observable performance.

4. **Freedom from biases**: Evaluations should be done under standard conditions and should be free from adverse impact arising due to personal biases and gender discrimination. A biased appraisal system is worse than having no appraisal system as it damages the motivation, morale and productivity of employees and impairs performance oriented behaviour.

5. **Participative**: Preliminary results of performance appraisal should be shared with the employee to develop confidence of employees in the system and to provide opportunities for discussions.

6. **Reviewing officer**: There must be some upper level reviews with appeal provision so that appraisal ratings are normalized and employees have an opportunity to speak against unfair treatment by their immediate superiors.

7. **Performance feedback**: Performance counselling and feedback should be provided to employees for creating joint action

plans for rectifying deficiencies in performance and seeking means and measures for improving performance in future.

8. Combining absolute and relative standards: Appraisal should be carried out by combining absolute and relative performance standards so that job performance expectations are relative and achievable.

9. Using behavior based measures: Behavioural based measures should be used to correct and develop appropriate employee attitudes, motivation and behavior for directing and controlling employee efforts and outcomes.

10. Identification of performance goals: Performance appraisal of employees should also be based upon agreed performance goals and targets for ensuring that employees are rated for the level of performance expected from them.

11. Training & Development: Performance should be used for employee development purposes so that gaps in skills and competencies are addressed and removed for better performance and productivity.

12. Recognize and reward achievement: Appraisals should recognize, reward, reinforce and publicize employee achievements to motivate and serve as a role model for others to emulate.

13. Identifying improvement areas: Appraisal should identify areas where performance is good and when it can be improved.

14. Confidence and acceptability of employees: Performance appraisal process should be carried out in such a way that employees response trust and confidence in the system. Without employee acceptance, performance appraisal shall serve no organisational purposes and will get reduced to a mere ritual on paper.

15. Documentation: Appraisal process should ensure that performance goals and specific activities for developing performance of employees are documented for further reference and as legal backup.

Finally, reviewing, the appraisal systems every now and then help updating it, and making appropriate changes in it. This is the most important factor in making performance appraisal effective, with the passage of time necessary changes in tasks, abilities and skills to perform has to be made. If changes in the format are not considered the reports may not generate the kind of result needed to satisfy appraisal objectives.

6.12 SUMMARY

In the organizational context performance appraisal is an evaluation of personnel in a systematic way by superiors or others familiar with their performance. It is also described as merit rating in which one individual is ranked as better or worse in comparison to others. The basic purpose in this merit rating is to determine an employee's eligibility for promotion. However, performance appraisal is a broad term and it may be used to ascertain the need for training and development, salary increase, transfer, discharge, etc. besides promotion. It is the systematic assessment of an individual with respect to his or her performance on the job and his or her potential for development in that job.

Performance appraisals should be conducted on a frequent basis, and they need not be directly attached to promotion opportunities only. It is important because of several reason s such as: Personal Attention, Feedback, Career Path, Employee Accountability, Communicate Divisional and Company Goals. Thus, objectives into the appraisal system may draw attention to areas for improvement, new directions and opportunities. The methods of performance appraisal are categorized in two ways traditional and modern methods. Each organization adopts a different method of performance appraisal according to the need of organization, with each method having its own advantages and drawbacks. The performance appraisal system of one organization may vary from other organizations; this may lead to few changes in appraisal process. Some of the problems faced in appraising employees are biasness of rater which may include: (a)halo effect, (b) central tendency error, (c) the leniency and strictness biases, (d) personal prejudice, and **(e) the recent effect etc.**

The systematic study of performance appraisal practices in India is very limited. Few innovative performance appraisal practices are: 1) Managerial personnel are allowed to challenge or appeal appraisal decisions made by evaluator.2) Employee management skills are important in performance appraisal.3) Personnel department gives a clear instruction of policy and its implementation. 4) Evaluation to be made only on the basis of performance of employee at work.5) It has also enhanced role clarity in the Organization.

The latest mantra being followed by organizations across the world being – "get paid according to what you contribute" – the focus of most of the organizations is turning to performance management and specifically to individual performance. It is always questioned in terms of its effectiveness and the problems of reliability and validity exist which could be improved if the supervisors are told that they themselves will be evaluated on the basis of how seriously they are performing their duties, To perform assigned task of evaluation in a better way superior should be provided with better training of writing report. Thus, performance appraisal is the technique which is essential for every organization

6.13 SELF ASSESSMENT QUESTIONS

1 "Performance appraisal is the systematic evaluation of the individual with respect to his performance on the job and his potential for development''. What are the options open to you in the design of a performance appraisal system to achieve this goal?

2 Explain the Performance Appraisal System. Either suggests improvements to an existing appraisal system in your organization or design an appraisal system which would meet the objectives outlines in this chapter.

3 Does current thinking indicates that appraisal for training should be conducted separately from appraisal for promotion?

4 Explain in detail the process of performance appraisal.

5 Write short notes of:
   a. Management by objectives
   b. Behaviorally Anchored Rating Scale
   c. Field Review Method
   d. Critical Incident Method

6 Explain the methods of performance appraisal in detail.

7 "Performance appraisal is not only for appraisal but is for achievement and improvement of performance". Explain.

8 According to you what should be done to have an effective performance appraisal system in your organization.

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7

ETHICS ON PERFORMANCE APPRAISAL

Unit Structure

7.0 OBJECTIVES

After completing this unit, you will be able to:

- Understand the need of business ethics.
- Know the sources of business ethics.
- Discuss How to manage ethics.

7.1 NEED OF ETHICS ON PERFORMANCE APPRAISAL

Ethics refers to the study of good and evil, right and wrong, and just and unjust actions of business people. Business ethics is the same as the generally accepted norms of good or bad practices. Human resource management (HRM) is the science of managing people systematically in organizations. The unique individual actor in the organization - a given executive, manager, line worker - is not the focus of HRM, rather, human resources practices and policies concerning recurring cycles of staffing, reward and compensation, and performance management inform how any person or group of people is introduced into the organization, managed while there, and exited from the organization. When these three overarching aspects of human resource management are designed effectively, the organization benefits from a management system that enhances the sustained competitive advantage of the organization. A critical part of designing these aspects effectively requires consideration of ethical concerns at each stage.

The need of business ethics can be explained with the help of the following points:-

(1) Introducing Socialism in Business: This means the gains of business must be shared by all concerned and not just by owner of business. Profit is the result of group efforts and hence all concerned must share the same. In other words, the concept of socialism in business say that workers, shareholders, consumers all others who contribute to the success of the business must share its gain.

(2) Interest of Industry: Business ethics are required to protect the interest of small business firms. Big firms normally try to dominate and eradicate small firms. If industry follows code of conduct, small firms can fight for their existence and stay in the business for long.

(3) Buyers Market: In recent times, structural changes have taken place in the concept of business. In case of many products, sellers market has been converted into buyers market. Under such changed business conditions business ethics is needed to stress the importance of consumer satisfaction and service orientation in place of profit orientation.

(4) Better Relations with Society: Code of conduct results in better relations between business and society. It will reconcile conflicting interest of various sections of the society such as workers, shareholders, consumers, distributors, suppliers, competitors and government.

7.2 SOURCES OF ETHICS

HR managers in every society are influenced by three repositories of ethical values-religion, culture and law. These repositories contain unique systems of values that exert varying degrees of control over managers. A common thread idea of reciprocity or mutual help runs through all the value systems. This idea reflects the central purpose of all ethics-which is to bind the vast majority of individuals in the society into a cooperative whole. Ethical values constitute a mechanism that controls behavior in HR situations and in other walks of life. Ethics driven restraints are more effective than restrictive controls such as police, law suits or economic incentives. Ethical values channelize the individual energies into pursuits that are benign to others and beneficial to the society.

It is a code of conduct that is supposed to align behaviors within an organization and the social framework. But the question that remains is, where and when did business ethics come into being?

It is for this reason we do not have uniform or completely similar standards across the globe. These three factors exert influences to varying degrees on humans which ultimately get reflected in the ethics of the organization. For example, ethics followed by Infosys are different than those followed by Reliance Industries or by Tata group for that matter. Again ethical procedures vary across geographic boundaries.

1. Religion

It is one of the oldest foundations of ethical standards. Religion wields varying influences across various sects of people. It is believed that ethics is a manifestation of the divine and so it draws a line between the good and the bad in the society. Depending upon the degree of religious influence we have different sects of people; we have sects, those who are referred to as orthodox or fundamentalists and those who are called as moderates. Needless to mention, religion exerts itself to a greater degree among the orthodox and to lesser extent in case of moderates. Fundamentally however all the religions such as Hinduism, Buddhism, Christianity, Islam, Judaism and Confucianism, operate on the principle of reciprocity towards ones fellow beings.

2. Culture

Culture is a pattern of behaviors and values that are transferred from one generation to another, those that are considered as ideal or within the acceptable limits. No wonder therefore that it is the culture that predominantly determines what is wrong and what is right. It is the culture that defines certain behavior as acceptable and others as unacceptable. Culture determines what is ethical and what is not. Cultural norms play important role in determining values because individuals anchor their conduct in the culture of the group in which they belong.

Human civilization in fact has passed through various cultures, wherein the moral code was redrafted depending upon the epoch that was. What was immoral or unacceptable in certain culture became acceptable later on and vice versa.

During the early years of human development where ones who were the strongest were the ones who survived! Violence, hostility and ferocity were thus the acceptable. Approximately

10,000 year ago when human civilization entered the settlement phase, hard work, patience and peace were seen as virtues and the earlier ones were considered otherwise. These values are still pt in practice by the managers of today!

Still further, when human civilization witnessed the industrial revolution, the ethics of agrarian economy was replaced by the law pertaining to technology, property rights etc. Ever since a tussle has ensued between the values of the agrarian and the industrial economy!

3. Law

Laws are procedures and code of conduct that are laid down by the legal system of the state. They are meant to guide human behavior within the social fabric. The major problem with the law is that all the ethical expectations cannot be covered by the law and specially with ever changing outer environment the law keeps on changing but often fails to keep pace. In business, complying with the rule of law is taken as ethical behavior, but organizations often break laws by evading taxes, compromising on quality, service norms etc.

7.3 HOW TO MANAGE ETHICS AT WORKPLACE

The effective management of ethics is sound business practice. Employees' morale is raised; bottom-line performance is improved, your corporate image is enhanced; and customers choose to form business relationships with companies that adhere to high standards of ethical conduct. One of your key management tasks is to persuade employees to accept your organization's ethical values. Following are some points to consider in managing ethics:

1. Understand the Benefits of Ethical Conduct.

All key parties benefit from ethical conduct within the organization. Employees who have confidence in their management contribute to their organization's prosperity. Conversely, in an unethical climate, employee productivity declines, creativity is channeled into seeking ways to profit personally from the business, loyalty diminishes, and absenteeism and staff turnover increase. Customers prefer to be associated with and remain loyal to companies that adhere to codes of ethical behavior. Shareholders derive up to fifteen time's greater return from companies with a dedicated commitment to ethical conduct.

2. Focus on Ethical Conduct.

When referring to codes of behavior, the term 'ethical conduct' is more comprehensive and more meaningful than 'ethics'. The best ethical values and intentions are relatively meaningless unless they generate fair, just, and observable behaviors in the workplace. Ethical conduct focuses on demonstrated behavior-doing, not just saying.

3. Develop a Code of Ethical Conduct.

The best way to handle ethical dilemmas is to avoid their occurrence in the first place. The process involved in developing a code of ethical conduct helps to sensitize employees to ethical considerations and minimizes the likelihood that unethical behavior will occur.

4. Promote Process.

When it comes to managing ethics and, in particular, developing a code of ethical conduct, the journey is just as important as the destination. Codes, policies, procedures, and budgets are important. So, too, is the process of reflection and dialogue that produces those deliverables. Where possible use group decision making to actively involve participation in, and ownership of, the final outcome.

5. Link Ethics to Other Management Practices.

The development of a code of ethical conduct should not occur in isolation. The creation of a values statement, for example, should occur as part of a strategic planning process. A link to ethical conduct fits ideally with this process. Similarly, any discussion about personnel policies could also reflect ethical values as they apply to the organization's culture.

6. Demonstrate Ethical Practices.

The best way for an organization to gain a reputation for operating ethically is to demonstrate that behavior-the most important way to remain ethical is to be ethical. And the best advertisement your ethics management program can have is everyone's commitment to it. Be prepared for an increase in the number of ethical issues to be dealt with. As staff becomes increasingly aware of the importance of ethics management, it is to be expected that more issues will be identified. 'The most damaging thing is for management to come out with a code of ethics, or a value statement, and model a different type of behavior.'

7. Allocate Roles and Responsibilities.

The approach will vary according to the organization, but an appropriate structure could include the following:

- An ethics management committee, representing the entire organization, with responsibilities to include implementing and administering an ethics management program. The creation and monitoring of a code of ethical conduct would be part of that overall program.
- An ethics officer who ideally should be a senior executive but not from HR or the Legal Department. He or she must be trained in matters of ethics in the workplace and have ultimate responsibility for managing the program.
- Demonstrated involvement and support of top management. Staff and Board must see that senior management takes ethical conduct seriously.

8. Identify and Model Industry Benchmarks.

An increasing number of companies strive to match practices with espoused values. The Soul of a Business, for example, is an account of the way in which ethical considerations guided the day-to-day operations of the American company, Tom's of Maine. One of the company's stated values was its commitment to the health of the environment. The company, therefore, used glass containers instead of plastic, even though plastic was cheaper to purchase, label, and ship. Tom's of Maine was also committed to supporting its regional economy. Only when it couldn't purchase a resource in its local area would Tom's go farther afield. This demonstrated commitment to espoused values contributed to the company's growth and profitability and inspired others to follow its lead.

7.4 FIVE SOURCES OF ETHICAL STANDARDS

1. The Utilitarian Approach

Some ethicists emphasize that the ethical action is the one that provides the most good or does the least harm, or, to put it another way, produces the greatest balance of good over harm. The ethical corporate action, then, is the one that produces the greatest good and does the least harm for all who are affected-customers, employees, shareholders, the community, and the environment. Ethical warfare balances the good achieved in ending terrorism with the harm done to all parties through death, injuries, and destruction. The utilitarian approach deals with consequences; it tries both to increase the good done and to reduce the harm done.

2. The Rights Approach

Other philosophers and ethicists suggest that the ethical action is the one that best protects and respects the moral rights of those affected. This approach starts from the belief that humans have a dignity based on their human nature per se or on their ability to choose freely what they do with their lives. On the basis of such dignity, they have a right to be treated as ends and not merely as means to other ends. The list of moral rights -including the rights to make one's own choices about what kind of life to lead, to be told the truth, not to be injured, to a degree of privacy, and so on-is widely debated; some now argue that non-humans have rights, too. Also, it is often said that rights imply duties-in particular, the duty to respect others' rights.

3. The Fairness or Justice Approach

Aristotle and other Greek philosophers have contributed the idea that all equals should be treated equally.

Today we use this idea to say that ethical actions treat all human beings equally-or if unequally, then fairly based on some standard that is defensible. We pay people more based on their harder work or the greater amount that they contribute to an organization, and say that is fair. But there is a debate over CEO salaries that are hundreds of times larger than the pay of others; many ask whether the huge disparity is based on a defensible standard or whether it is the result of an imbalance of power and hence is unfair.

4. The Common Good Approach

The Greek philosophers have also contributed the notion that life in community is a good in itself and our actions should contribute to that life. This approach suggests that the interlocking relationships of society are the basis of ethical reasoning and that respect and compassion for all others-especially the vulnerable-are requirements of such reasoning. This approach also calls attention to the common conditions that are important to the welfare of everyone. This may be a system of laws, effective police and fire departments, health care, a public educational system, or even public recreational areas.

5. The Virtue Approach

A very ancient approach to ethics is that ethical actions ought to be consistent with certain ideal virtues that provide for the full development of our humanity. These virtues are dispositions and habits that enable us to act according to the highest potential of our character and on behalf of values like truth and beauty.

Honesty, courage, compassion, generosity, tolerance, love, fidelity, integrity, fairness, self-control, and prudence are all examples of virtues. Virtue ethics asks of any action, "What kind of person will I become if I do this?" or "Is this action consistent with my acting at my best?"

Putting the Approaches Together

Each of the approaches helps us determine what standards of behavior can be considered ethical. There are still problems to be solved, however.

The first problem is that we may not agree on the content of some of these specific approaches. We may not all agree to the same set of human and civil rights.

We may not agree on what constitutes the common good. We may not even agree on what is a good and what is a harm.

The second problem is that the different approaches may not all answer the question "What is ethical?" in the same way. Nonetheless, each approach gives us important information with which to determine what is ethical in a particular circumstance. And much more often than not, the different approaches do lead to similar answers.

Making Ethical Decisions

Making good ethical decisions requires a trained sensitivity to ethical issues and a practiced method for exploring the ethical aspects of a decision and weighing the considerations that should impact our choice of a course of action. Having a method for ethical decision making is absolutely essential. When practiced regularly, the method becomes so familiar that we work through it automatically without consulting the specific steps.

The more novel and difficult the ethical choice we face, the more we need to rely on discussion and dialogue with others about the dilemma. Only by careful exploration of the problem, aided by the insights and different perspectives of others, can we make good ethical choices in such situations.

7.5 SELF ASSESSMENT QUESTIONS

1. Define the term Ethics. Trace the sources of ethics. Why is ethics important?
2. Explain how to manage ethics at work place.

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8

TRAINING AND DEVELOPMENT

Unit Structure :

8.0 OBJECTIVES

After studying the unit student will be able to:

- Understand Meaning and nature of Training and Development
- Know the objectives of Training
- Study the needs and importance of Training
- Understand the concept of Training and Development
- Know Management Development Programme (MDP)
- Understand the requites for the Success of Management Development Programme (MDP)
- Study Training Practices in India
- Make and evaluation of Training Facilities

8.1 INTRODUCTION

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

8.2 MEANING AND OBJECTIVES OF TRAINING

8.2.1 MEANING

According to Edwin B. Flippo, - 'Training is the act of increasing the knowledge and skills of an employee for doing a particular job". Training involves the development of skills that are usually necessary to perform a specific job. Its purpose is to achieve a change in the behavior of those trained and to enable them to do; their jobs better. Training makes newly appointed workers fully productive in the minimum of time. Training is equally necessary for the old employees whenever new machines and equipment are introduced and/or there is a change in the techniques of doing the things. In fact, training is a continuous process. It does not stop anywhere. The managers are continuously engaged in training their subordinates. They should ensure that any training programme should attempt to bring about positive Changes in the (i) Knowledge, (ii) skills, and (iii) attitudes of the workers. The purpose of training is to bring about improvement in the performance of work. It includes the learning of such techniques as are required for the better performance of definite tasks.

The main objective of training is to achieve a change in the behavioor of those trained. In the industrial situation, this means that the trainees acquires new techniques skills, problems solving abilities and develop proper, work attitude. The trainees apply the newly acquired knowledge on the job in such a way as to keep them in the achievement of organisational goals and targets. Training is a necessary activity in all organisations, It plays a large part in determining the effectiveness and efficiency of the organisation. Training is must for all. A training programme enables the trainee to achieve the reasonable level of acceptable performance. To achieve improved performance and increase in productivity, quality and profitability. Change Organisational climate and culture, to improve health and safety and Possibility and personal growth and development.

Training generally is intended to provide training experiences that help people perform efficiently in their present and future jobs. Training is a process in which abilities are developed into specific required skills knowledge or attitudes.

Thus managing the training process can go a long way towards enhancing its effectiveness. If training programs are well conceived and well executed, both the organisation and its employees benefit. A comprehensive process helps managers ensure that the objectives of the training program are met.

Training enables the employees to get acquainted with jobs and also increase, their aptitudes and skills and knowledge. It makes newly recruited employees fully productive in the minimum of time. Even for the old workers, it is necessary to refresh them and to enable them to keep up with new methods and techniques as well as new machines and equipments for doing the work. Thus, training is not a ‗one-step process', but it is a continuous or never-ending process because it increases the knowledge and skills of new employees in performing their jobs and serves as a refresher course for the old employees. Training job will never be finished as long as the organization remains in operation. At any given time, the different phases of training programme will be found at practically every stage of progress. Men may be learning by their own experiences and by trial and error methods. Training does not disappear from any organisation merely because its presence is ignored. The purpose of training is to bring about improvement in the performance of workers. It includes the learning of such techniques as are required for the intelligence performance of definite task.

There is a growing realisation about the importance of training in Indian organisations, especially after globalisation. This has posed a lot of challenges to Indian industries. Without efficiency, effectiveness and competency, it would be impossible to survive and to be internationally competitive, all out efforts are required. Quality innovation, technology upgradation, cost reduction and productive work culture, have thus become the slogans of every industry, which no organisation will be able to achieve without continuously training its human resources. Justifiably, therefore, there is an upward trend in investment in training in many organisations. But increasing the investment in training and hiking training budgets is not going to achieve desired results. There are certain fundamentals and basic in training which must be given due importance if investments have to bring in returns.

8.2.2 NATURE OF TRAINING AND DEVELOPMENT :

Training is the most important component of Human Resource Development (HRD) but HRD is training plus an organisation which aspires to grow must be in tune with the changing needs of the society. Training becomes relevant in the context since it is only through training that the gap between performance of the organization and the felt need of a changing society can be neutralised Training reduces the gap by increasing employees knowledge, skill, ability and attitude.

Training makes a very important contribution to the development of the organisation's human resources and hence to the achievement of its aims and objectives. To achieve its purpose, training needs to be effectively managed so that the right training is given to the right people, in the right form, at the right time and at the right costs. Following points explains the nature of Training:

- The term training' indicates the process involved in improving the aptitudes, skills and abilities of the employees to perform specific jobs. Training helps in updating old talents and developing new ones.
- Training is a vital phase of management control. It helps in reducing accidents, eliminating wastages and increasing, the quality of work.
- Training and Development are terms which are sometimes used interchangeably. Development was seen as an activity associated with managers, In contrast training has a more immediate concern and has been associated with improving the knowledge and skill of non-managerial employees in the present job.
- Training and development may be regarded interactive, each complementing the other. The logical step for the organisation is to produce a plan for human resource development (i.e. training and development) which will dovetail into the employee resourcing plan (i.e. selection) and the organisation's overall strategic plan.

8.2.3 Objectives of Training

The primary objective of training is to prepare employees – both new and old, for promotions to positions which require added skill and knowledge. This means that the training may range from highly specific instruction as to steps in the performance of a given job to very general information concerning the economy and society. Therefore, it is necessary to establish the goals of training very cautiously. The objectives of training are as follows :

1. To impart to new entrants the basic knowledge and skill they need for an intelligent performance of definite tasks;
2. To assist employees to function more effectively in their present positions by exposing them to the latest concepts, information and techniques and developing the skills, they will need in their particular fields;
3. To build up a second line of competent officers and prepare them to occupy more responsible positions;
4. To broaden the minds of senior managers by providing them with opportunities for an inter-change of experiences within and outside with a view to correcting the narrowness of the outlook that may arise from over-specialisation;
5. To impart customer education for the purpose of meeting the training needs of Corporations which deal mainly with the public.

   In a nutshell, the objectives of training are to bridge the gap between existing performance ability and desired performance.

8.3 NEED AND IMPORTANCE OF TRAINING

Since training is a continuous process and not a one shot affair, and it consumes time and entails much expenditure, it is necessary that a training programme or policy should be prepared with great thought and care. Moreover, it must guard against over-training, use of poor instructors, too much training on skills which are unnecessary for a particular job, imitation of other company training programmes, misuse of testing techniques, inadequate tools and equipment, and overreliance on one single technique for e.g., on slides, pictures on lecturers and not enough on practice. Following points explains the importance of training:

1. Increasing Productivity : Instruction can help employees increase their level of performance on their present job assignment. Increased human performance often directly leads to increased operational productivity and increased company profit. Again, increased performance and productivity, because of training, are most evident on the part of new employees who are not yet fully aware of the most efficient and effective ways of performing their jobs.

2. **Improving Quality:** Better informed workers are less likely to make operational mistakes. Quality increases may be in relationship to a company product or service, or in reference to the intangible organisational employment atmosphere.

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

4. **Improving Organisational Climate:** An endless chain of positive reactions results from a well-planned training programme. Production and product quality may improve; financial incentives may then be increased, internal promotions become stressed, less supervisory pressures ensue and base pay rate increases result. Increased morale may be due to many factors, but one of the most important of these is the current state of an organisation‘s educational endeavour.

5. **Improving Health and Safety:** Proper training can help prevent industrial accidents. A safer work environment leads, to more stable mental attitudes on the part of employees. Managerial mental state would also improve if supervisors now that they can better themselves through company-designed development programmes.

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

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

It may be observed that the need for training arises from more than one reason those are:

1. An increased use of technology in production.

2. Labour turnover arising from normal separations due to death or physical incapacity, from accidents, disease, superannuation, voluntary retirement, promotion within the organisation and change of occupation or job.

3. Need for additional hands to cope with an increased production of goods and services.

4. Employment of inexperienced, new or badli labour requires detailed instruction for an effective performance of a job;

5. Old employee need refresher training to enable them to keep abreast of the changing methods, techniques, and use of sophisticated tools and equipment;

6. Need for enabling employees to do the work in a more effective way, to reduce learning time, reduce supervision time reduce waste and spoilage of raw material and produce quality goods, and develop their potential.

7. Need for reducing grievances and minimising accident rates;

8. Need for maintaining the validity of an organisation a whole and raising the moral of its employees.

8.4 DIFFERENCE BETWEEN TRAINING AND DEVELOPMENT

Though training and education differ in nature and orientation, they are complementary. An employee, for example, who undergoes training, is presumed to have had some formal education. Furthermore, no training programme is complete without an element of education. In fact, the distinction between training and education is getting increasingly blurred now-a-days. As more and more employees are called upon to exercise judgment and to choose alternative solutions to the job problem training programmes seek to broaden and develop the individual through education. For instance, employees in well-paid jobs and or employees in the service industry may be required to make independent decisions regarding their work and their relationships with clients. Hence, organisations must consider elements of both education and training while planning their training programmes.

Training is the systematic modification of behavior through learning which occurs as a result of education, instruction development and planned experience. Training is the increasing knowledge and skill of an employee for doing a particular job; Training is a short term process utilizing a systematic and organised procedure by which trainees learn technical knowledge and skill for a definite purpose. Training is a process of learning a sequence of programmed behavior. It implies application is a process of learning a sequence of programmed behaviour. It implies application of rules and procedures to guide their behaviour thereby improve their performance.

Training is a systematic programme to increase the knowledge, skills, abilities and aptitudes of employees to perform specific jobs. Training is concerned with increasing the knowledge and understanding of the total environment. Development is concerned with the growth of an employee in all respects. Development programmes seek to develop skills and competence for future jobs while training programmes are directed toward maintaining and improving job performance. Thus training is a process by which the aptitudes, on the one hand skills, abilities of employees to perform specific jobs are increased. On the other hand, education is the process of increasing the general knowledge and understanding of employees.

Development refers to those learning opportunities designed to help employee grow. Development is not primarily skills-oriented. Instead, it provides general knowledge and attitudes which will be helpful to employees in higher positions. Efforts towards development often depend on personal drive and ambition. Development activities, such as those supplied by management development programmes are generally voluntary.

8.5 MANAGEMENT DEVELOPMENT PROGRAMME (MDP)

Management development programmes, aim systematically to identify talent, improve skills, widen experience and help people to grow in their ability to accept greater responsibility.
The subject matter of a course for Management Development Programme (MDP) may comprise:

1. Company or Organisation:

The Management Development Programme (MDP) relating company or organisation may contain the following sub-areas :

(i) Objective and philosophy of company;

(ii) Policies, procedures and practices of an organisation;

(iii) Products and services;

(iv) Organisational structure and organisation dynamics;

(v) Plant facilities;

(vi) Financial aspects such as inv planning, financial planning and control capital budgeting;

(vii) Labour management relations etc.

2. Management Techniques and Principles :

Under this main area the following sub-areas may be included:

(i) Organisation principles;

(ii) Financing, planning and management;

(iii) Cost analysis and control;

(iv) Operations research and data processing;

(v) Marketing management, Marketing research;

(vi) Production planning and control;

(vii) management and administration;

(viii) Decision-making.

3. Human Relations :

In this constituent the below mentioned sub-areas may be included :

(i) Motivation;

(ii) Understanding human behaviour;

(iii) Group dynamics;

(iv) Discipline;

(v) Complaints and grievances;

(vi) Collective bargaining;

(vii) Counseling and suggestion scheme;

(viii) Selection methods and procedures;

(ix) Attitudes, training and development;

(x) Job evaluationand performance appraisal;

(xi) Labour economics;

(xii) Supervisory responsibilities.

4 . Technical Knowledge and Skills :

Under this main area the following sub-areas may be included:

(i) Computer technology;

(ii) PERT/CPM;

(iii) Linear programming;

(iv) Materials handling;

(v) Inventory control;

(vi) Adequate understanding of technology, products, processes.

5. Personnel Skills :

It contains the following sub-areas :

(i) Speaking;
(ii) Report writing;
(iii) Conference leadership;
(iv) Learning through listening;
(v) Reading improvement.

6. Economic, Social, and Political Environment :

It contains the following sub-areas :

(i) Business;
(ii) Economic system;
(iii) Relations with the state;
(iv) Community relations;
(v) Political systems;
(vi) Legal framework of business;
(vii) Social responsibilities of the corporation and business

8.6 ESSENTIALS OF SUCCESS OF MANAGEMENT DEVELOPMENT

PROGRAMME :

While administering the programme, we should have to give the following considerations:

1. Systematic Career Planning :

A Management Development Programme should support a systematic career planning for managerial personnel otherwise the frustrated trainees might seek opportunities elsewhere and the whole investment made in training programmes would go waste.

2. Structured Course:

Management Development must follow a series of structured courses. There should also be an active interaction between the trainees and management.

3. Indiscriminate Approach:

The training programme should cover as far as possible, every manager, capable of showing potential for growth. It should be free from discrimination. Peter Drucker pointed out that the right men out of every ten who were not included in the programme will understandably feel slighted. They may end of by welcoming less effective, less productive, less willing to do new thing.

4. Properly Planned :

The entire programme should be properly planned. The trainee should take part in it. An individual may stay out, but it should be made clear that he does so at some risk to his future promotion. The company should not normally allow any manager to opt out of a training programme.

Essentials of Success of Management Development Programme (MDP) :

The following are the essentials for the success of Management Development Programme (MDP) :

1. Circulate the Materials to Participants :

The following materials should be distributed among the participants to make the programme more successful :

(a) News letter conveying information about corporate affairs;

(b) Copies of talks given by management personnel;

(c) Excerpts from well-written and informative articles;

(d) Copies of minutes of meeting distributed among those who were not present.

When these materials are discussed by a group, new plans and improved procedures will be formulated.

2. Programme should be prepared well in advance:

The programme should be prepared well in advance and should contain decisions about instructional methods and development approaches to be used and have a provision of expertise and the necessary support system. It should be based on the policy of promoting a proper utilisation of trained executives, their knowledge and techniques in the improvement of the operations of an organisation.

3. Training division should have smart and successful executives :

The training division should not be a dumping ground for people found to be unsuitable for other jobs; it mannered by a group of smart and successful executives drawn from various functional areas and disciplines. A multi-disciplinary approach should be emphasised in training programmes rather than the purely personal flavour that is often found in them.

4. Programme should be for all not the weak ones :

A management programme should not only be looked upon as something meant for the —limping horses‖ in the organisation; it should be for the —high fliers‖ as well. In view of knowledge explosion and the consequent threat of management obsolescence, such programmes should be meant for everyone in an organisation and not just for the weak ones.

5. Management Development Programme (MDP) should be based on a definite strategy:

The MDP should be based on a definite strategy, which should spell out the type, coverage and objectives of the programme. The multitier supervisory and management development programme should start from the first line supervisor and go all the way up to the top management.

6. Top Management should Accept Responsibility:

The top management should accept responsibility for getting the policy of development executed. To do so, a senior officer may be placed in- charge to initiate and implement the MDP.

7. Management Development is a "Line Job" :

It is essentially a —line job‖. It takes place on the job and involves both the man and his boss.

8. Selection of the Right Materials :

Management development starts with the selection of the right materials for managerial ranks. It is essential to ensure that really good material is led into the programme at the entry level.

9. Realistic Time Table is Required :

There should be realistic time table in accordance with the needs of a company. This time table should take into account the needs for managerial personnel over a sufficiently long period and the resources which are available and which will be required.

10. It should Fulfill the needs of the Company :

Management development must be geared to the needs of the company and the individual.

10. Developing Managers is the Responsibility of All Managers :

Every manager must accept direct responsibility for developing managers under his control on the job, and a high priority should be given to his task.

Thus, for the development of management, it is essential for the top management to promote a culture for:

1. learning and gaining knowledge
2. the quest of excellence
3. tolerance of mistakes
4. striving to maintain a balance and an equity
5. the discovery of self and others; and
6. enabling a subordinate to become aware of his superiors' interest in his development and mental growth.

8.7 TRAINING PRACTICES / FACILITIES IN INDIA

Different types of training facilities available in India, are as follows :

1. Worker's Training : This type of training had become very popular after the world war II. But the real progress in the direction was made. The following types trainings are given to the workers in our country :

(a) Apprentice Training At, 1961 : During 1961 the Apprentice Training Act was passed. About 550 Industrial Training Institutes were opened. More than 300 centres were set up established for Apprenticeship Training. There is a Advanced Training Institute in Chennai and Kolkatta has the Central Staff Training and Research Institute. There is the Foreman Training Institute in Bangalore. The Director General of Employment and Training, Government of India had established Training Centres under Craftsman Training Scheme. The National Apprenticeship Training Scheme was extended to other industrial houses also. Child Training Schemes were developed under Apprenticeship Scheme and now this has been extended to many new works.

(b) Private Sector : Normally the private sector has not introduced any formal training programme to its workers. But many business organisation have an induction programme to their new workers aimed at informing and educating them about the company, its products policies and management, etc. These programmes are generally conducted by their personnel department with the help of the supervisory staff. Now, may well- established private firms are conducting programmes in company based on their workers' needs and job requirements.

(c) Public Sector Undertakings : The public sector companies use their internal training facilities for training their non-supervisory employees. In some cases, employees are also encouraged to avail of the external training facilities. Sometimes they sponsor their candidature and meet the costs also.

2. Supervisors Training

(a) General Education : Normally supervisors are recruited either by promotion from ranks or by direct recruitment. The latter is the more widely followed practice in our country. But promotion from ranks is more common in western countries. Illiteracy and poor educational background very much limit the possibility of promotion to supervisory jobs from the ranks in India. The problem of supervisory training has, therefore, to be talked at the root and in order to bridge the gap between the potentiality of a worker for supervisory work and the post itself the level of general education needs to be raised. Many organisation have successfully undertaken training of junior and senior hands in Mathematics, Elements of Sciences etc. through regular routine classes during working hours.

(b) Training Institutes : The Central Training Institute for Instructors has an additional course meant for supervisors which covers meant for supervisors which covers non-technical subject such as leadership, foundations for good relations, handling of problems, induction of new entrants, effective communication, and so on. Some institutes of new entrants, effective communication, and so on. Some institutes particularly Small Industries Service Institute, NITE etc., organise short-term training programme for supervisors.

(c) Training within Industry (TWI) : Training Within Industry was formally introduced in India with the help of ILO experts. Many organisation, both in public and private sectors, have had persons trained by TWI Centre staff, so that they undertake supervisory training in their respective organisations. These programmes have had mixed results. The managements who have realised the importance of training for supervisors, and have not been led into complacency by the simplicity of TWI have obtained highly successful results and the programmes.

3. Management Training :

The management training and development has attracted the greatest attention of both practicing managers and academicians in this field. This is due to the fact that management has every much lagged behind the imperative demand of the country. The major gap in the developing countries is managerial competence has to be homegrown to suit the ethos, temper and needs for our society.

There are two types of facilities for training development of practicing managers :

(a) Business Organisation : These organistions are employing managerial personnel to impart such training either through their own Management Training institutes or through organising lectures, instructors being their own line and staff managers or faculty being taken from outside in some cases. These organisations recruit fresh management trainees. They are put through training process while working in the organisation, Hindustan Machine and Tools Ltd., Hindustan Steel Ltd., LIC, Commercial Banks, Fertilizer Corporations and many other organisations in public sector Hindustan lever Ltd. TISCO, Reliance Ltd. and others in private sector have their own Management Training Institutes.

(b) Management Institutes : There are many management institutes, associations and other bodies which organise short-term management development programmes. Prominent among these are Administrative Staff College, Hyderabad, IIMs., All India Management Association, and its local chapters, National Productivity Council, Indian Institute of Bank Management. Indian Institute of Personnel management, National Institute for Training in Industrial Engineering (NITIE). These bodies organised management development programmes ranging from 2 days to 12 weeks.

8.8 PROCESS OF DESIGNING A TRAINING PROGRAMME:

Training programmes are costly propositions. They are time and energy consuming too. Hence, the training programmes should be framed with great care and caution. The following steps should be taken while developing a training programme. These steps usually involve a considerable amount of dialogue between personnel department professionals and other supervisors and managers. Ordinarily, the flows or sequences of these steps are approximately as follows but the various steps are independent and in some cases may be done simultaneously.

1. Determining the need and Priorities for Training :

The very first step in designing a training programme is to determine the organisation‘s need for such programme. If the organisation does not accurately determine its need, the training process will be inappropriately undertaken.

Mc-Guhee and Thayer have recommended the following three steps approach in order to determine training need:

a. **Organisational Analysis:** This analysis basically determines where training emphasis should be placed in the organisation.

b. **Man Analysis:** It is used to determine who needs training and what skills and knowledge or attitudes should be augmented or improved.

c. **Operational Analysis:** It assists to decide what the training should consist of, requiring a study of what a person should be taught if he is to perform his task with maximum effectiveness.

Some of the popular methods to assess the training needs of employees in a company include observation and analysis of job performance. In each company, the management should analyse organistation needs, job specifications and the present skill levels of the employees. The analysis of organisational needs should focus on the number of employees with various combinations of skills needed at each level and in every part of the firm for specific periods. Regarding job specifications, many organisations have written job specifications that define the skills needed for each job in the firm. By carefully examining these specifications, the human resources staff can obtain a clear idea of the nature of skills needed for each job. Then, an analysis of worker skills and qualifications from his personal file can assist in determining training needs. Similarly training needs can be assessed for a group of employees.

2. Translating needs into Objectives and Establishing Training Goals:

Once the training needs have determined, the next important step is to translate the skills needed into specific training objectives or desired outcomes of training objectives. These training objectives or goals are then used to determine the specific courses that will be offered. Training objectives should include such matters as specific skills to be taught, the number of people to be trained and from which units and the period within which such training should take place. Objectives for training programme that do not relate directly to specific job skills should also be considered for example, employee health and safety guidelines, promotion opportunities and self-study opportunities. Training objectives include the general content of the training to be given. The most frequently adopted objectives or training subjects by the companies are: new employee orientation, performance appraisal, leadership, selection process, interpersonal skills, word processing, new equipment operation, team building, delegation skills, and listening skills. Sometimes, orientation regarding company policy and practices can be particularly important, especially for new employers.

3. Selecting Trainees:

Selecting individuals or groups for training is a very complex decision for the firm and the individuals chosen. From the firm's perspective, providing the right training to the right people can help to create and maintain a well-trained and stable work force. To impart training for individuals with limited performance partial or lack of interest is simply a waste of time, effort, and money. Overlooking individuals with ambition and potential represents a lost opportunity and can contribute to higher employee turnover. It should be assumed that ambition and potential are widespread in the firm and exist at all age levels. There are at least four important considerations important in selecting trainee : (i) legal requirements and formalities (ii) employee needs and motivation (iii) skills obsolescence and retraining, and (iv) multi-skilling. Employee needs and motivation can be determined with the help of previous performance evaluations as well as interviews performance evaluations as well as interviews with individual employees and owner supervisors. The rapidly change in technology is requiring that all segments of the society give higher priority to worker retraining. This also means that individual workers themselves must seek out training opportunities to avoid having their skills become obsolete. Similarly, numerous companies have moved in the direction of training their employees to have multiple skills, called multi-skilling. In particular, multi-skilling is relevant where self-managed teams are utilised. Everyone is encouraged to learn all of the jobs of the team and employees are usually paid according to the number of skills that they have developed.

4. Making the Curriculum and Choosing Training Methods:

After *-deeming* training objectives and translating into specific course areas, the trainees are identified and evaluated, management will be in a position to decide the overall curriculum, *i.e.,* the arrangement of courses to be offered. The curriculum is a sort of grand plan of what training is to be presented and with what frequency. However, a part which must be added to this grand plan is the matter of training methods. Will the training be on the job, off the job, prior to employment, or prior to a formal assignment? Will it be done by lecture computer assisted, or carried out by some other method? Will it be long-term or short-term?

5. Preparation of training budget:

Preparing a training budget will be an interactive process with the other steps in formulating a training program. Budget constraints may limit the human resource manager's alternatives and must, therefore, considered during all phases of the development process. Costs that must be included in the training budget are : staff planning time, trainees' wages, trainers' salary, and expenses such as cost of training materials, travels, accommodations, and meals. If the desired training programme does not fit within budget constraints, the human resource manager must consider modification such as fewer trainees, different trainees, different training techniques, and a different training location.

6. Selecting trainers and providing training to trainers:

An effective training programme can be developed only when effective trainers are available. Firms have the option of using staff trainers or of seeking contract trainers outside, or of having both, types'of trainers.'Staff trainers' may be full-time specialists on the p^y,;rblt 4of^organisation or may be part-time trainers. After their selection, they must be provided with the information regarding the persons who are to be strained. The trainers should be engaged after careful evalutlon of their suitability and effectiveness so as to ensure quality training.

7. Using selected training technique.

To conduct the training is a significant aspect of training process. Under this step, the trainers speaks, demonstrate, and illustrates in order to put over the new knowledge, skills, and operations. Besides, he suggests the trainee to be at ease, without any stress and strain, and explains to him the necessity of the training programme and creation of trainee's personal interest in training. The trainer tells the sequence of the entire job, the need for each step in the job, the relationship of the job to the total work-flow, the nature of interpersonal behaviour required at the job, and so on. All key points should be covered and emphasised. Audio-visual aids should be used to demonstrate and illustrate. To ensure follow-up by the trainee, he should be asked to repeat the operations, and encouraged to ask questions for further classifications and understanding.

8. Performance or learning tryout:

As the training continues, it is important that the progress of trainees should be monitored. This may be accomplished by periodic skill or knowledge tests or periodic assessments by the personnel department. The trainee may be asked to do the job several times. His mistakes, if any, are corrected and complicated steps should be explained again. As soon as the trainee demonstrates that he can do the job rightly, he is put at his own job and the training is said to be over.

9. Evaluation system of training programme:

In order to generate adequate feedback, some key purposes of conducting this evaluation are:

a. Determining whether a programme meets its objectives or goals.

b. Identify strengths and weaknesses in the training process.

c. Calculate the cost-benefit ratio of a programme.

d. Determine who benefited the most from a programme and why

e. Establish a data base for further decision about the programme.

Training programmes can be evaluated with a variety of methods. The most popular method involves analysis of questionnaires filled out by the trainees either at the end of the training session or within a few weeks. Although in some situations employees can accurately evaluate the quality of the training programme, in other situations their subsequent performance or degree of improvement is a more valid measure. After specific performance measurement, the results are compared with the objectives for the training programme. If the training objectives have been met, the training is said to be successful.

8.9 METHODS OF TRAINING

The following methods are generally used to provide training:

8.9.1 On-the-Job Training Methods:

This type of training is imparted on the job and at the work place where the employee is expected to perform his duties. It enables the worker to get training under the same working conditions and environment and with the same materials, machines and equipments that he will be using ultimately after completing the training. This follows the most effective methods of training to the operative personnel and generally used in most of the individual undertaking.

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

(a) Experience : This is the oldest method of on-the-job training. Learning by experience cannot and should not be eliminated as a method of development, though as a sole approach, it is a wasteful, time consuming and inefficient. In some cases, this method bas proved to be very efficient though it should be followed by other training methods to make it more meaningful.

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

2. Job Rotation : The major objective of job rotation training is the broadening of the background of trainee in the organisation. If trainee is rotated periodically from one job to another job, he acquires a general background. The main advantages are: it provides a general background to the trainee, training takes place in actual situation, competition can be stimulated among the rotating trainees, and it stimulates a more co-operative attitude by exposing a man to other fellow problem and view-points.

3. Special Projects: This is a very flexible training device. The trainee may be asked to perform special assignment; thereby he learns the work procedure. Sometime a task-force is created consisting of a number of trainees representing different functions in the organisation.

4. Apprenticeship: Under this method, the trainee is placed under a qualified supervisor or instructor for a long period of time depending upon the job and skill required. Wages paid to the trainee are much less than those paid to qualified workers. This type of training is suitable in profession, trades, crafts and technical areas like fitter, turner, electrician, welders, carpenters etc.

5. Vestibule Training: Under this method, actual work conditions are created in a class room or a workshop. The machines, materials and tools under this method is same as those used in actual performance in the factory. This method gives more importance to learning process rather than production.

6. Multiple Management: Multiple management emphasizes the use of committees to increase the flow of ideas from less experience managers and to train them for positions of greater responsibility. The McCormick & Company of Baltimore, U.S.A. developed the programme. The company claims that the plan has increased employee efficiency, reduced labour turnover and absenteeism, and enabled the company to pay higher wages than those prevailing in the area and industry. In this method; a junior board authorized to discuss any problem that the senior board may discuss, and its members are encouraged to put their mind to work on the business a whole, rather than too concentrate to their specialized areas.

8.9.2 Off-the-job Training Methods

Following are the off the job training techniques:

1. Special Courses and Lectures: Lecturing is the most traditional form of formal training method Special courses and lectures can be established by business organizations in numerous ways as a part of their development programmes. First, there are courses, which the eorganizations themselves establish to be taught by members of the organizations. Some organizations have regular instructors assigned to their training and development such as Tata and Hindustan Lever in private sector; Life Insurance Corporation. State Bank of India and other nationalized commercial banks, Reserve Bank, Hindustan Steel, Fertilizer Corporation and many others in public sector. A second approach to special courses and lectures is for organizations to work with universities or institutes in establishing a course or series of course to be taught by instructors by these institutes. A third approach is for the organizations to send personnel to programmes established by the universities, institutes and other bodies. Such courses are organized for a short period ranging from 2-3 days to a few weeks.

2. **Conferences :** This is also an old method, but still a favorite training method. In order to escape the limitations of straight lecturing many organizations have adopted guided, discussion type of conferences in their training programmes. In this method, the participants pools, their ideas and experience in attempting to arrive at improved methods of dealing with the problems, which are common subject of discussion; Conferences may include buzz sessions that divide conferences into small groups of four or five intensive discussion. These small groups then report back to the whole conference with their conclusions or questions. Conference method allows the trainees to look at the problem from a prouder angle.

3. **Case Studies :** This technique, which has been developed, popularized by the Harvard Business School, U.S.A is one of the most common form of training. A case is a written account of a trained reporter of analyst seeking to describe an actual situation. Some causes are merely illustrative; others are detailed and comprehensive demanding extensive and intensive analytical ability. Cases are widely used in variety of programmes. This method increases the trainee‘s power of observation, helping him to ask better questions and to look for broader range of problems.

4. **Brainstorming :** This is the method of stimulating trainees to creative thinking This approach developed by Alex Osborn seeks to reduce inhibiting forces by providing for a maximum of group participation and a minimum of criticism. A problem is posed and ideas are invited. Quantity rather quality is the primary objective. Ideas are encouraged and criticism of any idea is discouraged.

Chain reactions from idea to idea often develop. Later these ideas are critically examined. There is no trainer in brainstorming and it has been found that the introduction of known experts into it will reduce the originality and practicability of the group contribution, Brainstorming frankly favours divergence, and his fact may be explain why brainstorming is so little used as yet in developing countries where no solutions ought to carry the highest premium.

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

a. Simulation:

An increasing popular technique of management development is simulation of performance. In this method, instead of taking participants into the field, the field can be simulated in the training session itself Simulation is the presentation of real situation of organisation in the training session. It covers situations of varying complexities and roles for the participants. It creates a whole field organisation, relates participants, through key roles in it, and has them deal with specific situations of a kind they encounter in real life.

There are two common simulation methods of training:

(i) Role-playing: Role-playing is a laboratory method, which can be used rather easily as a supplement of conventional training methods. Its purpose is to increase the trainee‘s skill in dealing with other people. One of its greatest use, in connection with human relations training, but it is also used in sales training as well. It is spontaneous acting of a realistic situation involving two or more persons, under classroom situations. Dialogue spontaneously grows out of the situation, as the trainees assigned to it develop it. Other trainees in the group serve as observers or critics. Since people take rules even day, they are somewhat experienced in the art, and with, a certain amount of imagination they can protect themselves into roles other than their own. Since a manager is regularly acting roles in his relationship with other it is essential for him to have role awareness and to do role thinking so that they can size up each size up each relationship and develop the most effective interaction position.

(ii) Gaming : Gaming has been devised to simulate the problems of running a company or even a particular department. It has been used for a variety of training objectives from investment strategy, collective bargaining techniques to the morale of clerical personnel. It has been used at all the levels, from the executives for the production supervisors. Gaming is a laboratory method in which role-playing exists but its difference is that it focuses attention on administrative problems, while role-playing tend to emphasis mostly feeling and tone between people in interaction. Gaming involves several terms, each of which given a firm to operate for a number of periods. Usually the periods is short one year or so. In each period, each-team makes decisions on various matters such as fixation of price, level of production inventory level, and so forth.

b. Sensitivity Training :

Sensitivity training is the most controversial laboratory training method. This method is about making people understand about themselves and others reasonably, which is done by developing in them social sensitivity and behavioral flexibility.

Social sensitivity in one word is empathy. It is ability of an individual to sense what others feel and think from their own point of view. Behavioral flexibility is ability to behave suitably in light of understanding.

Training is essential for the smooth, economic, timely and efficient production, work or service in any organisation. To get work accomplished well from a worker or employee, it is a must that he is given proper training in methods of work. Training is the organized producer by which people learn knowledge and skill for a definite purpose management can't make a choice as between 'training' or 'no training'. On the other hand, it is a must. The only choice lies in the method of training.

8.10 TECHNIQUES OF EVALUATION OF TRAINING

Several techniques of evaluation are being used in organisations.

1. Evaluation by using experimental and control groups:

One approach towards evaluation is to use experimental and control groups. Each group is randomly selected, one to receive training (experimental) and the other not to receive training (control).

The random selection helps to assure the formation of groups quite similar to each other. Measures are taken of the relevant indicators of success (e.g. words typed per minute, quality pieces produced per hour, wires attached per minute) before and after training for both groups. If the gains demonstrated by the experimental group are better than those by the control group, the training programme is labeled as successful.

2. Longitudinal or time-series analysis:

Another method of training evaluation involves longitudinal or time-series analysis. Measurements are taken before the programme begins and are continued during and after the programme is completed. These results are plotted on a graph to determine whether changes have occurred and remain as a result of the training effort. To further validate that change has occurred as a result of training and not due to some other variable, a control group may be included.

3. Sending questionnaire to the trainees after the completion of the programme:

One simple method of evaluation is to send a questionnaire to the trainees after the completion of the programme to obtain their opinions about the programme's worth. Their opinions could also be obtained through interviews. A variation of this method is to measure the knowledge and/or skills that employees possess at the commencement and completion of training. If the measurement reveals that the results after training are satisfactory, then the training may be taken as successful.

In order to conduct a thorough evaluation of a training programme, it is important to assess the costs and benefits associated with the programme. This is it difficult task, but· is useful in convincing the management about the usefulness of training.

8.11 SUMMERY

The challenges associated with the changing nature of work and the workplace environment requires training. Rapid change requires a skilled, knowledgeable workforce with employees who are adaptive, flexible, and focused on the future. It is the responsibility of any business concern is to develop its staff as per the changing environment. The Philosophy of Human Resources Management states that the development of human resources is possible only by providing adequate training.

Training and development refers to the practice of providing training, workshops, coaching, mentoring, or other learning opportunities to employees to inspire, challenge, and motivate them to perform the functions of their position to the best of their ability and within standards set by local, state, Tribal, Federal and licensing organization guidelines. Training and development activities provide all involved system of care parties with the tools they need to develop professionally, increase their knowledge, effectively work with families, and build their capacity to perform the tasks associated with their positions within the system of care.

8.12 QUESTIONS

1. Define Training and Development. What is the difference between Training and Development?
2. Examine the objectives, need and purpose of training.
3. What are the requisites for the success of MDP?
4. Elaborate the different methods generally used for training of the employees.
5. Examine the techniques of evaluation of training prorammes.
6. Write short notes:
   a. Nature of Training
   b. On-the-job training
   c. Off-the-job training
   d. Simulation

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9

SUCCESSION PLANNING

Unit Structure :

9.0 OBJECTIVES

After studying the unit the students will be able to:

- Define the meaning of Succession Planning.
- Explain the steps in the process of Succession Planning.
- Understand the importance of Succession Planning
- Know the issues related to Succession Planning
- Elaborate how to face the issues of Succession Planning
- Discuss about the term Grievances handling and the process of Grievances Handling.

9.1 INTRODUCTION

Survival, growth and efficient continuous existence of an organization require a succession of people to fill various important jobs. The purpose of succession planning is to identify, develop and make the people ready to occupy higher level jobs as and when they fall vacant. Higher level jobs fall vacant due to various reasons like retirement, resignation, promotion, death, creation of new position and new assignments.

Succession may be from internal employees or external people. Succession from internal employees is advantageous to the organization as well as to the internal employees. Organization can buy the employees loyalty and commitment, belongingness, shared feeling of development along with the organization by promoting the internal employees. Employees get the benefits of growth in the organization. The organizations mostly prefer to encourage the growth and development of its employees and as such tend to prefer succession from within.

Organizations, appraise employees potentialities, identify training gaps for future vacancies, develop them for higher and varied jobs. The scope of succession plan would be more when the organization grows steadily and employees have potentialities to take up higher responsibilities.

Professionally run organizations ask their managers to identify the internal employees having potentialities and develop them in order to occupy their positions as and when they fall vacant.

However, it is necessary to allow the inflow of new blood also. Hence, organizations should also search for outside talent in certain cases like when competent internal people are not available, when expansion, diversification and growth plans are in offing, complete dependence on either internal source or external source is not advisable to any organization. Hence, a judicial balance between these two sources should be maintained.

9.2 MEANING AND DEFINITION

"Succession Planning is a process to ensure continued effective performance of an organization, division, department, or work group by making provision for the development, replacement, and strategic application of key people over time."

In order to prepare potential leaders, the gap between what they are ready for now and what preparation they need to be ready for the job when it is available needs to be determined.

By considering their past performance as a volunteer, past experience, fit with the organizational culture, and other members' acceptance of them as a potential leader, the best fit can be determined

Succession planning is a systematic approach to:

- Building a leadership pipeline/talent pool to ensure leadership continuity
- Developing potential successors in ways that best fit their strengths
- Identifying the best candidates for categories of positions
- Concentrating resources on the talent development process yielding a greater return on investment.

Succession planning recognizes that some jobs are the lifeblood of the organization and too critical to be left vacant or filled by any but the best qualified persons. Effectively done, succession planning is critical to mission success and creates an effective process for recognizing, developing, and retaining top leadership talent.

9.3 STEPS / ELEMENTS OF SUCCESSION PLANNING

The main steps/elements of succession planning are as follows:

It is important to acknowledge that succession planning will vary slightly between organizations. Different resources, different organizational designs and different attitudes all mean that succession planning should be flexible and adaptable in order to accommodate varying needs and achieve business continuity. However, there is a general framework that departments can use as the basis and guide for their succession planning activities. This framework involves:

STEP 1:
Identifying key positions or key groups (current and/or future)

STEP 2:
Identifying competencies

STEP 3:
Identifying and assessing potential candidates

STEP 4:
Learning and development plans

STEP 5:
Implementation and evaluation

1. Identifying Key Positions or Key Groups:

A key position or occupational group can be defined in many different ways, but two important criteria that should be considered are criticality and retention risk. A critical position is one that, if it were vacant, would have a significant impact on the organization's ability to conduct normal business. The significance of the impact could be considered in terms of safety, operation of equipment, financial operation, efficiency, public opinion, and so on. Retention risk refers to positions where the departure of an employee is expected (e.g. retirement) or likely (e.g. history of turnover). By examining these criteria on a low-to-high scale, an organization can determine what positions require short or long-term planning.

A gap analysis, as a part of workforce planning, can also be an invaluable tool to identify key areas or occupational groups. Information that may help identify key positions can include:

a. Current and future strategic goals and objectives
b. Retirement forecasts
c. Turnover rates
d. Current and expected vacancies
e. Changes to existing programs and services
f. Highly specialized function

In addition to the analysis of criticality, retention risk, and other workforce data, it might be beneficial to consider the following types of questions:

- What jobs, if vacant, have the potential to prevent the organization from achieving goals and objectives?
- What jobs have a direct impact on the public?
- What jobs would be difficult to fill because of required expertise or because the exiting incumbent possesses a wealth of unique and/or corporate knowledge?
- Is there a projected labour market shortage for relevant job skills?
- Is there a need to plan for anticipated positions that do not currently exist?

2. Identifying Competencies

All positions have a requisite set of knowledge, skills and abilities that are expected of employees who are filling that function. Thus, knowing the competencies of a job is a mandatory component of recruitment, serving as a general baseline to measure against interested potential candidates. However, succession planning provides an opportunity to review the competencies traditionally associated with jobs, particularly with respect to current goals and objectives. Several ways to determine and develop required competencies include:

a. Reviewing job descriptions, advertisements, and relevant merit criteria
b. Interviewing current and former job incumbents
c. Interviewing supervisors, clients, and other stakeholders
d. Conducting focus groups or surveys
e. Reviewing any existing development programs (i.e. leadership competencies)
f. Reviewing organizational values

Although job descriptions offer a good starting point for the identification of competencies, it is important to consider some of the other sources of information listed above.

Current incumbents, for example, would have a good understanding of which competencies are the most important to their job. Interviewing these people may reveal knowledge, skills and abilities that are necessary for the job, but are not currently identified in the job description. Given the practical scope of any job, valid identification of competencies is necessary for:

- Establishing minimum requirements for job success;
- Creating a baseline for assessing interested potential candidates; and
- Identifying appropriate learning and development opportunities.

Some questions to consider might include:

- What are the specific functional competencies that apply to a key job or group?
- What competencies apply to all employees and groups? Are these competencies aligned with the organization's vision, mission and values?

3. Identifying and Assessing Potential Candidates

The key purpose of identifying and assessing employees against core job competencies is to help focus their learning and development opportunities in order to prepare them for future roles in the organization. Traditional approaches to succession planning have the potential to result in a one-sided selection process – the organization identifies a key position, and then executives select a high-potential individual for preparation or training. Given the potential sensitivity around the decision-making process in these situations, an employee might be advised about their prospective opportunity for advancement in private. This process is not transparent and can negatively impact the morale of other employees (including the person chosen for succession) and their relationship with the organization.

Modern approaches to succession planning suggest that transparency and accountability are the best practices for an organization. Recruitment in the public service is based on merit, fairness and respect, and these concepts are maintained and supported by the succession planning process. To demonstrate these values, succession planning must be:

- Objective and independent of personal bias;
- Merit-based;
- Communicated to and understood by all employees; and
- Transparent at all stages of the process.

Under these circumstances, self-identification is a useful starting point to see which employees are interested in leadership roles, career advancement or lateral moves that might not be easily attained without focused training or other learning and development opportunities. Several ways to solicit for self-identification include:

4. Learning and Development Plans

Once the relevant candidates have been identified, based on their interest and potential for success in a key position, the organization must ensure that these employees have access to focused learning and development opportunities.

Some key points to remember when developing learning and development plans are:

- Plans should focus on decreasing or removing the gap between expected competencies and the current knowledge, skills and abilities of candidates.

- Manage expectations – modern succession planning is based on learning and development to fulfill employee potential, rather than merely filling a vacancy.

- There are a wide range of learning and development opportunities to consider, which can include:
  a. Job assignments that develop and/or improve a candidate's competencies;
  b. Job rotations; and
  c. Formal training.

- Ensure appropriate strategies are in place to support the transfer of corporate knowledge to candidates for key jobs, which can include:
  a. Mentoring, coaching or job-shadowing;
  b. Documenting critical knowledge;
  c. Exit interviews; and
  d. Establishing communities of practice.

5. Implementation and Evaluation

Evaluating succession planning efforts will help to ensure the effectiveness of the process by providing information regarding:

a. How the process operates – the relationship between inputs, activities, outputs, and outcomes
b. Impact of the process relative to stated goals and objectives
c. Functional strengths and weaknesses
d. Potential gaps in planning and assumptions
e. Cost-effectiveness and cost-benefit

Planning to collect and assess these types of information will ensure that the organization monitors its succession planning activities, appropriately measures success, and adjusts the process accordingly given sufficient evidence. Some evaluative questions for departments to consider might include:

- Have all key jobs been identified and do they have succession plans?
- What is the impact of succession plans on business continuity in key positions?
- Are successful candidates performing well in their new roles?
- What is the impact of learning and development efforts? Are employees ready to compete for a vacant key position?
- Is the candidate pool diverse and reflective of employment equity values?
- What are the areas for improvement in the succession planning process?

Once a succession plan has been established, monitoring its efficiency and effectiveness will be essential. Thus, each succession plan should be developed within an evaluation framework in order to measure progress and success, as well as provide any evidence to support changes to the succession planning process.

9.4 NEED AND IMPORTANCE OF SUCCESSION PLANNING

Succession planning is an essential part of doing business. As the future of any business is not certain and it seems that everything in the business concern is going so well, in this case putting off planning may be the wrong decision. Here is the time for the business concern to begin for succession planning. Following are some reasons why succession planning is essential:

1. Succession planning helps to face disaster.

No matter how good you and your staff are at revenue projections or economic predictions, no one can truly plan for disaster. Whether it's an unforeseen illness, a natural disaster, or a CEO's decision to suddenly retire, the reasons for having a succession plan in place before it is needed are endless. So while you can't plan for disaster, you can put into place a series of contingencies that will help your company stay afloat if, in fact, catastrophe occurs.

2. Succession planning helps to build strong leadership:

Just as business practices have evolved over the years, succession planning has also grown and changed. It's no longer a plan that can only be accessed when leadership is going to change; a succession plan can be used before its "real" intent is necessary. It can be used to build strong leadership, help a business survive the daily changes in the marketplace, and force executives to review and examine the company's current goals.

3. Succession planning gives your colleagues a voice:

If you're running a family business, the process of succession planning will give family members an opportunity to express their needs and concerns. Giving them that voice will also help create a sense of responsibility throughout the organization, which is critical for successful succession planning. Resist the temptation to solely carry the entire weight of creating and then sustaining a plan.

4. A succession plan can help sustain income and support expenses:

Talking about money should be a priority. People generally don't want to work for free and things don't pay for themselves. A succession plan can provide answers as to what you—and your staff—will need for future income, as well as what kinds of expenses you may incur once you step out of the main leadership role. Ask yourself questions about your annual income and other benefits including health and dental insurance for you and your dependents, life insurance premiums paid for by the company, your car, professional memberships, and other business-related expenses.

5. **Succession planning gives you a big picture.**

Some companies mistakenly focus solely on replacing high-level executives. A good succession plan can go further, however, and force you to examine all levels of employees. The people who do the day-to-day work are the ones keeping the business going. Neglecting to add them to the succession planning mix could have dire consequences. As you develop your plan, incorporate all layers of management and their direct reports.

6. **Succession planning strengthens departmental relationships.**

When regular communication occurs between departments you are more likely to experience synergy, which breeds a culture of strength. Make sure that you link your succession planning activities with human resources. After all, HR is about people. By including HR in succession planning, you can incorporate elements like the employee-evaluation process, which can help when deciding whether to fill vacancies with internal candidates.

7. **Succession planning keeps the mood buoyant.**

Change—a major component of a succession plan—is exciting and can bring a company unforeseen rewards. Still, change can be a source of tremendous stress, especially when people's livelihoods are at stake. As you put your succession plan together, consider its positive effects on the business. Planning for the future is exciting and, if done correctly, can inspire your workers to stay involved and maintain company loyalty. It's true that a plan is often put into place to avert catastrophe, but it's also a company's way of embracing the future—a business strategy that is essential for survival.

9.5 NEED OF SUCCESSION PLANNING TO FAMILY ORIENTED ENTERPRISES

Due to the complexities surrounding the transfer of ownership of family businesses from one generation to another, specific resources have been developed for family business owners planning for this transition. Among these resources is the McCabe Arch which is a visualization and planning tool for the American business owner. It offers practical solutions for planning the orderly consumption and distribution of financial and emotional wealth.

The process, like the construction of an arch, begins with two solid cornerstones, the business owner who is willing to plan for his or her eventual departure from the business, and the willing successor.

However, the unique aspect of an arch was that we continually build it from two sides. For a succession planning model to work, we needed commitment from the owner and the protégé. It was imperative that both sides complete their assignments with the ultimate goal of the finding—and resolving—the key issues that were represented by the various blocks. -Harry McCabe (Author of Pass It On: The Entrepreneur's Succession Planning book)

Each building block on each side of the arch represents a step in the 7 Steps to Succession, which provides a time table and road map for Family Business Succession Plans.

9.6 ISSUES IN SUCCESSION PLANNING AND SOLUTIONS

1. There is a compelling argument that gifting family businesses to the next generation destroys businesses and family relationships. When family members purchase shares in a family business they are required to assess their own skills and ability to generate wealth from the business. Families that skip this step, families that gift ownership encourage children to work in and often lead family businesses for all the wrong reasons.

2. If the employees retire or exit for other reasons, the ethos and dynamics of the business will inevitably change. If the value of the business is to be maintained or enhanced, it is imperative that these changes are carefully controlled.

The first step is to formally decide precisely what difference their departure will make. If the retiring directors/managers were responsible for sales dynamism, strict financial control, key account customer loyalty or engineering innovation, for example, these are the critical skill gaps which will need to be seemlessly filled.

3. The assumption is companies will need to recruit externally to fill operational gaps arising as they undergo change. This is not necessarily the case.

4. External HR professionals can be brought in to work as change managers. They can identify current or anticipated gaps in managers' range of skills and employees' competencies and then develop the most cost efficient ways to fill these gaps.

But there is more to succession planning. Rather than just being a way of averting the dangers of a foreseeable motivational and anagement vacuum, it can be an opportunity to refresh, revitalise or reposition a staid enterprise in a rapidly changing world.

5. Businesses can move forward by optimising the contribution of their existing management, staff and workforce. It is highly likely existing personnel will have undiscovered capabilities and talents. But the fact these attributes have not become apparent in their existing roles is probably more to do with habit and complacency than a failure to invest in employee development. It might be the case they have simply not been invited to extend themselves in an unfamiliar direction or take on wider responsibilities. It is definitely the case that uncovering unsung talent in existing staff is less costly than recruiting and introducing new personnel.

6. Job rotations can sometimes reveal these hidden reservoirs of ability. Perhaps someone on your sales force has the potential to become an outstanding marketer perhaps someone from your shop floor or office has the potential to be an outstanding sales generator. An operative might have innate interpersonal skills which earmark him or her for development into line management.

7. In some instances, the skills shortfalls can be filled by job rotation. Skills shortfalls in one department can be overcome by importing them from another where a competent individual's ability is being under-utilised. There are huge savings to be made by offering coaching, mentoring or further job training to existing staff.

9.7 PROBLEM IN SUCCESSION PLANNING

1. **Leadership, implementation and industry-related competencies:**

To combat the MEGO factor, we first distinguished industry-related skills such as risk analysis or sales skills from other competencies. We then grouped the remainder under either implementation competencies or leadership competencies. “Implementation” refers to how one gets things done, while “leadership” refers to competencies that are often, in effect, personal attributes.

In the Bible, Noah demonstrated the differences among these three types of competencies. God told Noah that it was going to rain and that he wanted Noah to build an ark and put all kinds of animals on it. Therefore, Noah knew what the industry risks were (it’s going to rain) and what should be done about it (build an ark and put the animals on it). However, knowledge of what the risks are, and what should be done about them, doesn’t get the job done.

But Noah, starting with the limited instruction on ark building provided by God, did get the ark built on time — and today we would say on budget — demonstrating that he had the implementation skills needed to take action and manage risk.

Noah's implementation skills can be distinguished from his leadership skills. He demonstrated leadership skills by convincing all those animals to board the ark and not eat each other up during the voyage.

2. Grouping competencies into subgroups

We have found that leadership, implementation and industry-related competencies can each be further subdivided. We have about 10 such competencies for each of these three categories. With these additional subdivisions, linkage can be made to the competencies needed for the strategic plan. For example, our methodology subdivides "leadership" into competencies such as: Strategic Agility (including Vision), Integrity & Trust, and Developing Subordinates. It divides "implementation" into competencies such as: Flexibility & Adaptability, Communications Skills, and Results Orientation. Industry-related skills, in addition to professional competencies, include: Industry Knowledge, Client Focus and Global Perspective. Russell Reynolds Associates has developed a methodology in our executive search practice that allows us to predict if people are likely to have the needed competencies. In our executive assessment practice we have identified 'Flexibility & Adaptability' as a key competency for the personal development needed to progress in leadership training, and hence, succession.

Does this sound like motherhood? We don't think so. We did a search for a large Canadian financial institution that had worked through a competency framework similar to ours and had identified the competencies that were needed in all of their senior officers, in addition to any specific industry-related skills needed for each job. Their list of key competencies was as follows: Dealing with Ambiguity, Strategic Agility, Integrity and Trust, Managerial Courage, Decision Quality, Results Orientation, and Client Focus. We would call the first five "leadership" competencies, the second-to-last an "implementation" competency, and the last an "industry-related" skill. We were able to match our competency framework to theirs, and therefore, our methodology to their competencies. As a result, we presented them with candidates most likely to meet both their leadership and implementation needs as well as industry-related requirements.

3. Building competencies into the strategic plan:

This is where a key part of the strategic planning process should include a review of the competencies that will be needed to fulfill a firm's strategic plan. Mapping the industry- related competencies such as "customer focus skills" or "chemical engineering expertise" is relatively obvious. However, even here, commonly held views need to be established.

In our Strategic Plan at National Trust, we believed that superior customer service would be a key to our success; we wanted everyone focused on it. We asked employees who they believed their customer was. As often as not, operations staff identified a senior officer or a supplier as their customer. For example, the Chief Accountant believed his customer was the Superintendent of Financial Institutions, and any number of others thought their customer was the CEO. On the Treasury side, they believed their customer was the owner. We helped them understand that National Trust's only customers were the people who paid us for the goods and services we provided. Everyone else was not a customer but a supplier. We urged all our staff to think as if the customer was on fire, that National Trust was a fire brigade, and that we could only put out the fire if everyone passed the water buckets forward to the customer service representative who could meet the customer's need by dousing the fire with the water from the buckets.

Building a commonly held institutional view of key leadership competencies is harder. However, the executive management team can achieve this goal by comparing competencies listed as leadership competencies above to the firm's current culture, and then determining what needs to change at the leadership level in order to get to where the firm wants to go. One firm summarized their current competencies as subsets of; "This is how we do things around here," and then went on to say, "This is how we will have to do things around here in the future."

Executives prefer quantitative benchmarks. Leadership as a concept is just too subjective for many people. In the absence of using specific leadership competencies such as those described in Section C (above), our experience tells us that decisions about people will tend to be based on industry-related skills rather than on leadership competencies. Our methodology makes executives more comfortable in assessing leadership because it has been broken down into meaningful concepts such as; "Developing Subordinates", "Results Orientation" and "Client Focus".

4. Using training to improve leadership skills

We also believe that people can improve not just their industry skills, but that they can also improve their implementation and leadership skills. At the Toronto International Leadership Centre for Financial Sector Supervision (Toronto Centre), we were seeking to strengthen the leadership skills of the government officials who supervise the financial services sector in emerging market countries. It was our theory that, like Noah, these officials knew what the financial sector risks were when financial markets are liberalized. However, many lacked the experience to know how to build the ark and get the animals on it.

During one session at the Toronto Centre, we wished to use role-playing to demonstrate the use of "persuasion" in an environment where officials believed that simply giving an order would actually cause things to be done. Concerned about the loss of face in role-play situations, we invited participants to state what they would say if they were to role-play, rather than actually engage in the role-playing. The first rapporteur, who was a senior official from the central bank of an advanced eastern European country, exceeded instructions and role-played his response. The second rapporteur was the deputy governor of one of the most important central banks in Africa. He agonized over the potential loss of face he would suffer from engaging in role-playing on the one hand, or the loss of face by not matching the performance of the previous rapporteur. Opting for the second risk, he reached back to his skills as an Oxford University debater and brilliantly rolled out his argument. By doing so, he made the leap of applying his Oxford debating skills to using persuasion — rather than giving orders — as a means of getting things done in his central bank.

Thus, while some people do seem to be born leaders, others can be helped along the path. In short, while one cannot turn a sow's ear into a silk purse, it is possible to turn a sow's ear into a pigskin purse. That may be sufficient to help someone become better at what they do.

5. Identifying the leadership pool:

Having said that, there will still be those who are not able, or not willing, to make the sacrifices demanded of leaders. For example, early in my career, I "Peter-Principled' a sound technical officer. Soon, we were both nervous wrecks. One day he came to me and said that I had over promoted him, that he was happier in his previous job, and that he wished to have it back. I readily agreed. Years later, long after my wings had melted from flying too close to the sun, he was still there, fulfilling his technical responsibilities, until he retired with full pension at the end of his career.

When the executive assessment competency testing is done, the employee pool will be divided between those who are in the leadership pool and those who are not. There should still be senior technical positions available in most companies for non-leadership candidates. One does not have to be part of the leadership pool to be an outstanding derivatives trader or a key nuclear physicist. Some of these people will be among the highest paid in the firm. The rest, who are neither the leadership candidates nor the technical stars, are the backbone of the company. They are the much-needed foot soldiers who make the rollout of the strategic plan into a desired experience for the firm's customers through direct service or by supporting the employees who provide that service.

Those who are not in the leadership pool should be told that this is so and the results of the competency testing should be shared with them. At Russell Reynolds Associates, we believe that it is even better to make the results available to each person. These employees should be given the opportunity to elect to stay in technical or operational roles if they are performing well, or to leave and seek a leadership position with another firm where their leadership competencies are more closely aligned. We understand that it takes managerial courage to communicate this split. Creating a training program for those who wish to try and acquire the needed competencies alleviates part of this problem.

We have seen cases where executive management has skipped executive assessment and decided to provide leadership training for the entire senior management team. The advantages of doing so are that it builds morale and helps senior managers learn what is happening in other parts of the business, thereby increasing the opportunities for cross selling. We believe that there are cheaper ways of doing this. The disadvantage is that not all senior managers are leaders or potential leaders. Their involvement makes the leadership-training program less effective. It is therefore a misallocation of strategic resources. Moreover, some junior employees, who are potential leaders, are excluded from the leadership pool until they are promoted into the eligible ranks.

6. Candidate selection:

It is improbable that all of the skills needed to achieve the strategic objectives will be found within the organization. In those circumstances, recruitment from outside the organization will be needed to augment the leadership pool. Recruitment that emphasizes the firm's core leadership competencies as well as the needed industry-related skills reduces the risk of recruitment failure.

We believe that a healthy mix of internal promotions and external hires creates both a foundation of continuity and an infusion of new ideas. There is an opportunity to test the candidates in the company before they take on the most senior management positions if intake is at least a layer or two below the CEO.

7. Experience:

Conventional wisdom for succession planning says that leadership candidates should be given experience in different parts of the company. We agree, but the purpose isn't solely to learn how to run those businesses; it's also to learn which questions to ask, and to learn to listen to the answers. When I became Treasurer at CIBC, I was for the first time faced with accountability for a discipline that was outside my area of expertise, taxation. Desperate to cling on to something I knew, I asked to retain responsibility for tax, even as I assumed my new responsibilities. But my boss, who wanted nothing to do with the taxation line reporting through him, said: “You have so many questions to ask that you won’t have time to retain responsibility for the taxation function.” He was correct.

8. Training and development

Corporate training falls into three general groupings.
i) Training for product knowledge and selling skills,
ii) Training in management or implementation skills, and
iii) Leadership development.

Teaching product knowledge and selling skills improves customer sales and service. It does not do much for leadership development. Teaching management or implementation skills is often billed as leadership training. To the extent that it teaches people to work more effectively together, to communicate better, or to be more persuasive, such programs do add value in leadership training.

At the leadership training level, there are credible firms that can help executives strengthen leadership skills such as “strategic agility” and “developing subordinates.” There’s not much you can do for “integrity and trust” if a person doesn’t have them by the time they are, say, 20 years of age. Beyond such programs, making coaches available for personal counseling and attending Outward Bound type programs to build trust can be employed. We have seen good successes and some failures with both.

It makes sense to use a coaching framework for more than training on particular subjects. Some companies, like GE, set aside a day several times throughout a leader’s career with the firm to thoroughly and professionally review the strengths and needs of the individual. This creates a framework both for personal development and for corporate decisions on future assignments.

9. Know your exit strategies.

Depending on the firm’s makeup, the path to retirement can vary. Research your options, set exit rules for partners, and seek an expert adviser. At Keiter, for example, equity partners have mandatory retirement at age 65. “It just puts the firm in the driver’s seat as far as what’s in the best interest of the firm,” Hall said.

10. Develop your staff.

It’s difficult to have an inside successor or successors if that talent isn’t given proper training. Allow your firm’s stars to take on more responsibility. David Jentho, CPA, a partner at Ratliff &

Jentho CPAs in Baytown, Texas, said a critical part of his firm's succession plan was "developing our staff and trying to put them in a position to where we can begin to pass the responsibility for clients onto them and help them build the same type of personal relationships that we have with those clients."

11. Evaluate your rates and clients.

Your PCA will be easier to implement if your practice is in line with the firm that could take over. Now is a good time to examine your client list and what you're charging. Many smaller firms "have not maintained market billing rates," Cingoranelli said. "It's going to make it difficult to transition clients to another firm with higher rates. That's going to be some real sticker shock for their clients."

12. Strengthen client relationships.

Focus more attention on top clients. Don't be afraid to shed marginal clients (e.g., the ones who regularly pay late) or recommend another firm for them.

9.8 MEASURES TO THE SOLVE PROBLEMS IN SUCCESSION PLANNING

With an aging workforce, planning for the inevitability of your leaders exiting your organization is becoming more and more necessary by the day. Succession planning isn't just a buzzword: it's a developmental strategy that's extremely relevant to how we plan to run our businesses in 2014 and beyond.

You may have previously put it off due to some common problems that may include a) identification, development, and retention of possible successors, and b) budget constraints. While you may consider mentoring as a solution for these issues in your organization, before you go any further, you must first discard the idea of succession planning as "replacement" planning.

Your organization may have a plan for what happens if and when a top level employee leaves – but chances are it's more of a crisis/contingency plan.

Let me ask you this: is the planned replacement ready to take on that new role? Are they able to do it while transitioning from their current role and handing off their responsibilities? If they had to do it in the next two weeks, could they do it? If the answer is "no," it's probably because no one's invested in their development and transition into that new role.

Successors Are Not Replacements:

The critical difference between the concepts of replacement planning and succession planning is the development invested in the intended successor. Bear in mind that no one likes to be a replacement: the word “replacement” itself connotes “second rate/second best/I’m not ecstatic with the current state but it’ll have to do”.

Alternatively, take this more proper definition: “a person or thing that takes the place of another” (Oxford English Dictionary). But as we all know when we’re talking about human beings and the complex ranges of their skills, capabilities, personalities, and methodologies, you can never simply substitute person A, entire, for person B, and assume that business will run as it always has.

Business will not run as it always has; and no, that’s not necessarily a bad thing so long as you accept it and plan for it. Change is inevitable. Ignore it at the risk of having a replacement that everyone sees as second best – as a best case scenario. When things go wrong in leadership, after all, they tend to really go wrong for the whole business.

But when you give someone the tools and development and investment to advance beyond “second rate/second best”, know the territory they’re inheriting, and perform well within it, they’re able to become a true successor. And that person is ready to take on their new role. Mentoring Solutions for Succession Planning – and Development like I said before, if you’ve been hesitant before about implementing a succession plan in the past, here’s how mentoring can be a solution:

1. **Make the most of a limited budget**.
   Your mentors (the people who currently hold the leadership role) and mentees (their successors) come from within your organization, which means two things for you: 1) You don’t incur coaching or training costs otherwise associated with developing employees, and 2) you optimize transfer of practical, cultural, and institutional knowledge.

2. **Identify**.
   You may find that your mentors are uniquely suited to help you do identify potential successors.

3. **Develop**.
   The structure of a formal mentoring program is inherently developmental because it a) is mentee-driven b) offers practical experience to mentees, c) offers mentee’s first-hand knowledge pertaining to their roles and/or future roles.

4. **Retain**.
   Formal mentoring programs also help retain identified successors by investing in not only their development, but their integration with the culture and their new territory.

The "Success" in Succession. One final note: ultimately when you're looking at succession planning, you aren't just looking at developing individual leaders – you're looking at developing the entire company. And that's really the key to formal mentoring programs. Each mentor/mentee pair's goals and objectives must be their own and tailored to the mentee's developmental needs, yes – but at the same time, they must tie back to organizational objectives; and formal mentoring programs, if structured and administered correctly, allow for exactly this.

9.9 GRIEVANCE HANDLING

Meaning of grievance

According to Michael Julius, "A grievance can be any discontent or dissatisfaction, whether Expressed or not, whether valid or not, and arising out of anything connected with the company That an employee thinks, believes, or even feels as unfair, unjust, or inequitable."

"A grievance means a dispute concerning terms and conditions of the employment arising from any administrative decision which the employee claims is in violation of Rights under, or a failure to apply, established University personnel regulations, policies, or practices, or which results from a misinterpretation or misapplication thereof ".

An item that would not be considered as a "grievance" would be an employee not receiving what he/she wanted or thought he/she deserved as a salary.

GUIDELINES FOR HANDLING GRIEVANCES

a) A grievance redressal cell must be constituted

b) All grievances should be considered important.

c) The aggrieved party should be met in person and should be allowed to express his grievance fully.

d) A time frame should be laid for resolving the grievance.

e) It must be ensured that all procedural formalities relating to grievance redressal have been complied with.

f) All grievances should be put forth in writing.

g) The redressal which the aggrieved employee is seeking must be understood.

h) The law pertaining to the grievance must be studied.

i) A positive environment where the aggrieved employee may not hesitate to air his grievance must be created.

j) Organisations must have suggestion boxes at different places.

k) All facts pertaining to the issue should be gathered in order to understand the implication of the grievance.

Identification of grievance

It is so beautifully described that good management redresses grievances as they arise; Excellent management anticipates and prevents them from arising. An effective manager thus has to be proactive. A manager can know about the problems even before they turn into actual Grievances through several means such as

1. Directive observation:

Knowledge of human behavior is requisite quality of every good manager. From the changed behavior of employees, he should be able to snuff the causes of grievances. This he can do without its knowledge to the employee. This method will give general pattern of grievances. In addition to normal routine, periodic interviews with the employees, group meetings and collective bargaining are the specific occasions where direct observation can help in unfolding the grievances

2. Grip boxes:

The boxes (like suggestion boxes) are placed at easily accessible spots to most employees in the organization. The employees can file anonymous complaints about their dissatisfaction in these boxes. Due to anonymity, the fear of managerial action is avoided. Moreover management's interest is also limited to the free and fair views of employees.

3. Open door policy:

Most democratic by nature, the policy is preached most but practiced very rarely in Indian organizations. But this method will be more useful in absence of an effective grievance procedure;

otherwise the organization will do well to have a grievance procedure. Open door policy demands that the employees, even at the lowest rank, should have easy access to the chief executive to get his grievances redressed.

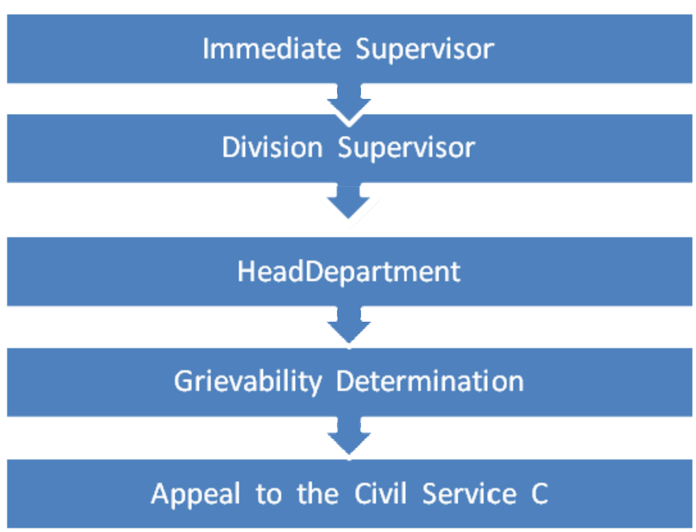
4. Exit interview:

Higher employee turnover is a problem of every organization. Employees leave the organization either due to dissatisfaction or for better prospects. Exit interviews may be conducted to know the reasons for leaving the job. Properly conducted exit interviews can provide significant information about the strengths and weaknesses of the organization and can pave way for further improving the management policies for its labor force.

5. Opinion Survey: The management can be proactive by conducting group meetings, Periodical interviews with employees, collective bargaining sessions etc. through which one can get information about employees' dissatisfaction before it turns into a grievance.

9.10 GRIEVANCE PROCEDURE

Grievance procedure is a formal communication between an employee and the management designed for the settlement of a grievance. The grievance procedures differ from organization to organization. Generally the Grievance procedure in a unionized environment includes the following steps:



Generally, grievance handling procedure involves a six-stage procedure, which is stated as follows

a) Resolving by Immediate superior –

The aggrieved employee presents his grievance to his immediate superior. The superior may take suitable action, if his is empowered to do so. If the superior is not empowered to take appropriate action, he may take permission from higher authorities to take suitable action to redress the grievance.

Normally, the grievance is to be redressed with us hours (2 days) of the presentation of the grievance. If the employee is satisfied with the action taken by the superior, the grievance is over. If he is not satisfied, he may resort to the second stage.

b) Submit to department head –

If the concerned appointed person does not answer in stipulated time ore if the aggrieved person is unsatisfied with the decision, he can approach the departmental head who is supposed to answer within three days.

c) Grievance Committee –

On getting an unsatisfactory response from the departmental head the aggrieved person can approach grievance committee which has to communicate its recommendation within three days.

d) Appeal for Revision –

If the decision of the management is not communicated to the aggrieved employee within the stipulated period of 3 days, or if the management decision is unsatisfactory, the employee has the right to appeal to the management for revision. The management may review its decisions and communicate its decision to the employee within 7 days of the presentation of employee's appeal for revision.

e) Voluntary Arbitrator –

The grievance may subsequently be referred to voluntary arbitrator if the aggrieved party is not satisfied with the decision of the management. The arbitrator is appointed with the mutual consultation between the management and workers union. Both the parties may agree that the decision of the arbitrator will be binding on both the parties. i.e. management and the employee.

f) Final decision –

The arbitrator goes through the grievance and the decision taken at the earlier stages. He will hold deliberations with the management and the workers union. Finally the arbitrator gives his ruling, which is normally final and binding on both the parties.

Many grievances can be resolved quickly by correcting a misunderstanding, or with a simple negotiation. In this case the grievance procedure saves time, money, and the relationship between the parties. Having the issue handled by those immediately involved is a benefit as well, as they know more about the problem at hand than do people at higher levels.

9.11 SUMMARY

Succession Planning is concerned with the preparing people to fill up successive jobs. The purpose of succession planning is to develop people to replace current incumbents in key positions for a variety of such reasons as: superannuation, resignation, promotion, growth, diversification, creation of new positions, etc.

Succession Planning focuses on preparing people to fill execution positions. Succession planning is concerned with the examining development needs of a firm's strategic plans. Informally, it means high-level managers identifying and developing their own replacements. The employees having managerial attitude and potential may be considered for development programme that will help prepare them for the executive jobs.

Your employer's grievance procedure may have more than three steps, but it must include a written statement, meeting and appeal meeting.

9.12 SELF ASSESSMENT QUESTIONS

1. What is Succession Planning ? How do the organizations plan for the succession of the employees
2. Explain the issues involved in the implementation of Succession Planning ? Can they be resolved ? Give Examples.
3. Discuss the various elements of succession planning ? Is there any mechanism of justifying the elements applied in the process of succession planning ?

4. Do the Indian Business Houses apply succession planning as the core system to achieve the target of growth, expansion and diversification ? Explain giving examples.

5. Define the term Grievance Handling. Discuss the procedure of Grievance Handling.

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10

HEALTH AND SAFETY ASPECTS OF HRM

Unit Structure :

10.0 OBJECTIVES

After studying the unit the students will be able to:

- Know the meaning and significance of Employees' health and safety.
- Explain the importance of health and safety.
- Explain the Role of the organization towards health and safety.
- Discuss about the procedure to prepare the health and safety programee.
- Know the safety programmes in the organization.

10.1 INTRODUCTION

Since large number of employees spend great deal of their time in work place, their work environment is not always good for their healthy life. Stress, Strains, Mental and Psychological Conditions, Poor working conditions, Long hours of work, Poor ventilation, Insanitation, Malnutrition etc spoil their health. Efficiency in work place is possible only when an employee is healthy on the other hand industry exposes workers to certain hazards which affect his heaith. The symptoms of bad health are high rate of absenteeism and turnover, industrial discontent and indiscipline, poor performance and low productivity. Modern industry is characterized by complicated mechanisms, intricate job requirements, and fast moving production lines. One of the important consequences of all this is increased dangers to human life, through accidents. To avoid this safety programmes like industrial health programmes are introduced, both for employers and employees benefit.

10.2 MEANING AND SIGNIFICANCE OF EMPLOYEE HEALTH AND SAFETY

10.2.1 MEANING AND DEFINITION

The W.H.O has defined health as “a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.”

Health has been defined as "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity."

“Health and safety means safe working practices, following guidelines, regulations and procedures, fire safety, and the maintenance of a safe working environment”.

As defined by the World Health Organization (WHO) "occupational health deals with all aspects of health and safety in the workplace and has a strong focus on primary prevention of hazards."

Occupational health is a multidisciplinary field of healthcare concerned with enabling an individual to undertake their occupation, in the way that causes least harm to their health. Health has been defined as It contrasts, for example, with the promotion of **health and safety at work**, which is concerned with preventing harm from any incidental hazards, arising in the workplace.

Industrial health refers to a system of public health and preventive medicine which is applicable to industrial concerns.

According to the joint I.L.O/W.H.O Committee on Organisational Health, industrial health is:

i) the prevention and maintenance of physical, mental and social well-being of workers in all occupations

ii) prevention among workers of ill-health caused by the working conditions

iii) Protection of workers in their employment from risks resulting from factors adverse to health, and

iv) Placing and maintenance of the worker in an occupational environment adapted to his physical and psychological equipment.

10.2.2 PHYSICAL HEALTH AND MENTAL HEALTH

Physical health implies prevention of disease or health conservation and prevention of occupational disease. Health is the outcome of the interaction between the individual and his environment. Health not only depends on the employee but also on the environment. Efficiency in work is possible when the worker is healthy physically and mentally.

Industries exposes employees to certain hazards which he would not meet elsewhere and which may affect his health. Physical and mental health both are essential for the satisfaction and improved morale, discipline, performance and productivity of the employees.

In India, the Royal Commission on Labour (1931), the Labour Investigation Committee (1946), the Health Survey and Development committee (1943), the Labour Welfare Committee (1969) all emphasized upon the " creation and maintenance of an healthy environment as possible, in the homes of the people as well as in all places where they congregate for work, amusement or recreation are essential".

10.3 THE IMPORTANCE OF HEALTH AND SAFETY:

Following points explains the importance of Health and safety:

1. **To overcome poverty**: Healthy workers are productive and raise healthy families; thus healthy workers are a key strategy in overcoming poverty. Safe workplaces contribute to sustainable development which reduces the level of poverty.

2. **Pollution control and exposure reduction:** Health and safety measures include the processes of protecting workers, surrounding communities and the environment for future generations. Pollution and environmental exposures arise from industrial processes are hazardous to health. That can be beneficially influenced by occupational health and safety programmes.

3. **Human loss and suffering is immeasurable:** A serious injury or death happened at the workplace changes lives of that particular family, friends, communities, and coworkers forever. Occupational injuries and illnesses can provoke major crises for the families in which they occur. In addition to major financial burdens, they can impose substantial time demands on uninjured family members. Today, when many families are operating with very little free time, family resources may be stretched to the breaking point.

4. **Ensures that our beloved one is safe:** We always think that beloved one who leaves for work in the morning should expect to return home at night in good health. Only the imagination of beloved one will never be returning home or returning with any physical disability is heart breaking for the family. When such thing happens really it changes lives of the whole family forever. The Health and Safety measures ensures that husbands return to their wives, wives to their husbands, parents to their children, children to their parents and friends to their friends in safe conditions. — that is the most important reason to create a safe and healthy work environment.

5. **Reduces costs the business:** If a worker is injured on the job, it costs the company in lost work hours, increased insurance rates, workers' compensation premiums and possible litigation. Productivity is lost when other workers have to stop work to deal with the injury. Even after the injured employee has been sent home or taken to the hospital, other employees may be distracted or need to take time off from work in the aftermath of the incident. Even a single injury can have far-reaching and debilitating effects on your business. All these types of losses can be avoided by providing health and safety environment to the employees.

6. **Improves the employability of workers**: Employee attrition and absenteeism are the major obstacles in increasing productivity of the business. When the employer provides safe and healthy environment and safe workplace, it reduces the above issues on a great scale. Such environment can be created in several ways like: Workplace redesign, maintenance of a healthy and safe work environment, training and retraining, assessment of work demands, medical diagnosis, health screening and assessment of functional capacities etc. By involving employees in safety decisions—through reporting, committees, walk-troughs and meetings it has been showed that their opinion matters to the company. By improving safety, the company proves that it cares about their well-being. In such cases workers typically respond by working harder, showing more pride in their jobs and remaining loyal.

7. **Safety improves quality:** It has been proved that the companies that put safety first turn out higher quality products. In some cases, that's because a safe workplace tends to be a more efficient one, free of debris and tangles of cords. In other cases, it's a matter of focus. By working in a clean, efficient environment, workers are able to reduce distractions and truly focus on the quality of what they do. It results in better products that create customer loyalty, bigger margins and increased sales.

Workplace safety creates the kind of productive, efficient, happy and inspiring workplace we all want to be part of. It's about creating a highly profitable company. And that's why it's important.

Work Health and Safety Act 2011: As per the sections of this law a person conducting a business or undertaking must ensure the health and safety of workers at work in the business or undertaking, so far as is reasonably practicable. This act defines "Health to mean physical and psychological health".

As per this act the employer's duty of care includes providing:

- a physical and psychosocial work environment without risks to health and safety
- safe systems of work
- Information, training, instruction or supervision necessary to protect all persons from risks to their health and safety.

This act monitors the health of workers and conditions at the workplace to prevent illness or injury.

ORGANISATIONAL ROLE TOWRDS SAFETY AND HEALTH OF HUMAN RESOUCES

For the safety and health of human resource the organization has to take proper decisions n the following cases

1. To implement the safety and health management system: The company has to have a system i.e. a policy, designate people and clear procedures: to manage health and safety. The company having more than five employees must set out a written health and safety policy statement.
2. To provide appropriate financial, human, and organizational resources: Every reasonable effort must be made to provide adequate funding to protect the workplace safety and health of employees. It may be necessary to prepare documentation to justify expenses associated with hazard abatement. In addition,

long term planning and expert advice may be required. Costs can be minimized with proper planning and research. Remember that financial commitment to safety and health is a strong indicator of management's overall commitment.

3. To issue a written safety and health policy as a core value of the organization: A written safety and health policy clearly states the company's commitment to effective safety and health management and in providing a safe and healthy working environment. Communicating the organization's commitment is as important as the company's statement

4. To define roles, assigning responsibilities, establishing accountability and delegating authority: The company must be able to show how it is planning, organising, controlling, monitoring and reviewing the preventative measures.

5. To integrate the safety and health goals/objectives into the organization's business systems and processes.

6. To discuss safety and health processes and improvements regularly during staff or employee meetings: Employee involvement can help. When there are alternative ways to address a hazard, effective managers have found that involving employees in discussions of methods can identify useful prevention and control measures, serve as a means for communicating the rationale for decisions made, and encourage employee acceptance of the decisions.

7. To ensure management is held accountable for accident-prevention processes.

8. To assess the success of the safety and health processes manually: Evaluation of the safety and health system is essential for examining that the system is working against the goals and objectives the company established. Evaluation seeks to assess the safety and health activities, controls and procedures and determine if goals are being met, hazards being corrected and other improvements in the system are being made. Evaluations should be conducted annual.

9. To encourage employees to take an active part in maintaining a safe and healthy workplace An employer should ensure that all employees understand the hazards to which they may be exposed and how to prevent harm to themselves and others from exposure to these hazards. A thorough understanding of the hazards and their prevention will affect employee acceptance and use of established safety and health protections. Training for this purpose is reinforced by encouraging attempts to work safely and by positive recognition of safe behavior.

10. To follow established safety and health rules and procedures.

11. To discuss openly safety and health issues with employees during periodic tours or meetings or by visiting personally visiting the work place. When employees notice that the manager “walking around” them or discussing about their work, they realize that manager is taking care of them.

12. To establish a system for effective communication: Every organization’s approach to managing safety and health includes verbal and written communication as a two-way process between employer and employees. Regular safety and health communication keeps employees informed and invites feedback and suggestions.

13. To recognize employees for their safety and health efforts: Employees are a company’s most valuable asset, and top management should recognize employees for their efforts. and achievements. A recognition system provides a good counter balance to a disciplinary system by focusing on the positive and motivates employees to practice safety and health work habits. A recognition system can be very simple and inexpensive.

ISSUES/FACTORS AND ROLE OF HR DEPARTMENT IN EMPLOYS HEALTH AND SAFETY

Organizations frame many approaches to ensure health and safety of their employees. But not all of the approaches focus on contribution of both work design and employee behavior to safety. An organizational approach to safety is effective only when both the work design and employee behavior work in coordination towards it. Many organizational and individual issues emerge in management of employee health and safety. They can be summarized as follows.

1. **Physical Work Settings:** The physical settings of work affect the performance of employees to a great extent. Some of these factors include temperature, noise levels, and proper lighting affect job Performance. Other work setting factors include size of work area, kinds of materials used, distance between work areas, cubicle arrangement, etal.

2. **Sick Building Syndrome:** It is a situation in which employees experience acute health problems and discomfort due to the time spent in a building (particularly their workplace). Some

factors that lead to sick buildings include poor air quality, inadequate ventilation, improper cleanliness, rodents, stench of adhesives and glues, et al.

3. **Ergonomics:** The term comes from the Greek word ergon, which means “work,” and omics which means “management of.” Ergonomics is the study of physiological, psychological, and engineering design aspects of a job, including such factors as fatigue, lighting, tools, equipment layout, and placement of controls. It is the interface between men and machines. Ergonomics is taken into consideration when designing the workstation for computer operators. Problems of back ache, eye strain and headache arise due to long working hours spent in front of computers.

4. **Engineering of Work Equipments and Materials:** Accidents can be prevented in a way by proper placements of dangerous machines. Moreover design of such machines and equipments also plays an important role in safety. Providing safety guards and covers on equipments, emergency stop buttons and other provisions help in reducing the accidents considerably.

5. **Cumulative Trauma and Repetitive Stress:** Cumulative trauma disorder occurs when same muscles are used repetitively to perform some task. This results in injuries of musculoskeletal and nervous system. Employees encounter high levels of mental and physical stress also.

6. **Accident Rates and Individuals:** An individual approach to safe environment helps in reducing the accident rates. This is generally because more problems are caused by careless employees than by machines or employer negligence. A positive attitude towards work environment and other practices promotes employee safety.

EMPLOYEE HEALTH PROGRAM

The purpose of an occupational health program is to help to provide a safe and healthy work environment. Working with laboratory animals presents potential hazards or problems: some are inherent in all animal-care related activities and others result from the nature and design of the experimental protocol.

Physical hazards include scratches, bites, injuries from lifting or carrying heavy objects, needle-sticks or injuries from other sharp objects, and falling injuries.

Chemical hazards include flammable agents, cleaning, disinfecting, and sanitizing compounds, carcinogens, mutagens, teratogens, and radioactive compounds.

Zoonotic hazards include infectious agents (biohazards) individuals may be exposed to when working with laboratory animals. Though fairly uncommon, they represent potentially serious and fatal hazards to those working with laboratory animals.

STEPS IN PREPARING THE SAFETY PROGRAMMES:

Step 1: Develop a plan of action that includes both management and employee involvement.

It is important to develop a program that will meet the needs of both management and employees. An elegant safety and health program manual that describes protective measures that are seldom put into practice serves no useful function. This is why MOSH encourages management to involve employee representatives in the development of the safety and health program and to encourage their continued participation in company safety and health efforts.

Step 2: Designate a person to be responsible for safety and health.

In an effective safety and health program, the person responsible for the safety and health program will have both the authority to do the job and the respect of management and employees. The choice of the safety and health director must be based on his or her knowledge of the facility and of safety and health requirements. The person or persons designated to do training must be credible, respected, and knowledgeable about the operations and must be given the time, authority and resources to develop an effective program.

Step 3: Determine the safety and health requirements for the specific workplace and operations.

It is important to become familiar with the safety and health requirements associated with the company's physical location, operations, and equipment. This information will be used to:

- Develop a hazard assessment strategy
- Pinpoint areas and procedures that historically have caused significant injury or illness, and identify potential causes
- Provide a background for correction and control strategy planning Resources that will aid in the determination of your workplace safety and health requirements include.

Step 4: Conduct a hazard assessment of the workplace.

An effective safety and health program will systematically identify and prevent hazards. **Develop an initial plan for assessing the workplace.**

Conduct a safety and health self-inspection/survey of the workplace according to the plan developed above. This survey permits a systematic record of the hazards and potential hazards that can be recognized without intensive analysis. It Identifies any situations that present hazards or are in violation of law, regulations or standards.

Step 5: Correct identified hazards.

Hazards, once recognized, should be promptly abated or controlled. Hazard abatement is an essential activity. Management action at this point will determine the credibility of the company's safety and health policy, as well as the usefulness and effectiveness of the entire workplace safety and health program.

Step 6: Keep the workplace hazard-free.

Once recognized hazards are corrected, take steps to ensure that the workplace remains hazard-free.

- Develop work practices, administrative controls, work rules and emergency procedures.
- Provide for facility and equipment maintenance to prevent hazardous breakdowns.

Step 7: Train Employees in Safety and Health.

Most employers must provide some training for employees. An employer also must inform and train employees about the company safety and health program, how it is intended to benefit employees, and what is expected of employees in order to make the program work. An employer should ensure that all employees understand the hazards to which they may be exposed and how to prevent harm to themselves and others from exposure to these hazards. A thorough understanding of the hazards and their prevention will affect employee acceptance and use of established safety and health protections. Training for this purpose is reinforced by encouraging attempts to work safely and by positive recognition of safe behavior.

Step 8: Keep the program up-to-date and effective.

At this point, much of what an employer must do to implement an effective program has been accomplished. The employer can now attend to program maintenance: coordination of the program, documentation of program details, addition of new work practices and hazard controls, and continuation of enforcement. Each of these components may vary in detail and formality, depending on the size and complexity of the workplace. Many of these items may have been completed during development of other steps of the program.

DOCUMENTATION:

An important part of any safety and health program is documentation. It provides:

- An historical reference that can be reviewed to determine program effectiveness
- An accessible document to which management and employees can refer when unsure of proper procedures
- Evidence of the employer's efforts to provide a safe and healthful work environment

Employers also must maintain documentation if required by applicable standards for the following procedures:

- environmental monitoring, including noise and chemical sampling
- exposure control programs required under many of the air contaminant standards
- employee medical records as part of any medical surveillance program
- records of employee testing for personal protective equipment programs when respirators or hearing protection is required
- certifications for inspection programs for cranes and forklifts

It is strongly recommended that the employer provide some level of documentation for the following:

- all employee training
- safety rules and procedures for employees
- workplace self-inspections
- accident investigations
- accident investigations

Refer to the applicable standard to determine what the documentation must include, who must have access to the documentation, and how long the records must be maintained.

CAUSES OF ACCIDENTS

Most of the research has concluded that 80 out of every 100 accidents are the fault of the person involved in the incident. Unsafe acts cause four times as many accidents as unsafe conditions. Accidents occur for many reasons. In many situations, people tend to look for “things” or reasons to blame when an accident happens. This seems to them to be easier than to look for the “root” or basic reason for the incident to begin with. Below are some of the reasons that accidents occur.

1. **Taking Shortcuts –** Every day we make decisions that we hope will make a job go faster and more efficient. Often times when we think we are saving time, we have to be careful that we aren’t jeopardizing our health or the health of one of our employees. Shortcuts that reduce the safety of the job aren’t shortcuts, but are items that might increase our chances of injury.

2. **Being overconfident –** Confidence is a good thing. Overconfidence to the point of arrogance is too much of a good thing. Also, the old adage of “it can’t happen to me,” is an attitude that can lead to improper methods of doing your work, using incorrect procedures or sometimes the wrong tools. Any one of these items can cause an injury to you or to a fellow worker.

3. **Ignoring Safety Procedures –** Ignoring safety procedures, intentionally or unintentionally, can endanger you or other employees. The university has safety policies in place and we are supposed to observe them. **Casual attitudes about safety can result in a “casualty.”**

4. **Starting a Job with Incomplete Instructions –** We know in order to do a job safely and to do it right the first time, we need a complete set of instructions. We’ve all seen situations where an employee made a mess of a task or assignment because he didn’t have sufficient instructions or the instructions weren’t clear. When you are working on a job, don’t ever be afraid to ask questions or get explanations for what is unclear to you. How many times have you heard, “I’m afraid to ask questions.” It’s not dumb to ask, but dumb not to ask.

5. **Poor Housekeeping –** Anytime that guests, friends, colleagues or safety professionals come through your work site, whether it is the maintenance shops, storage areas, offices, etc. the first impression they get is sometimes the lasting one. If the office is unorganized or dirty, the maintenance shops are cluttered and unorganized, it portrays a sense of looseness and a lack of pride in the work site. On the other side of the coin, if they enter and see it neat and orderly, a sense of pride and quality of purpose is the attitude that they are most likely to leave with.

6. **Mental Distractions from Work –** Bringing outside problems to work can keep you from focusing on your job. If this happens, it can be a hazard. Friends coming by while you are at work can cause a distraction and can keep you from focusing on the task at hand. Both of these incidents can put you into a hazardous situation. Don't become a statistic; stay focused on the task at hand.

7. **Failure to Pre-Plan your Work –** In the office or in other fields of work, it is important to pre-plan your work. First of all, it will uncover unforeseen problems and give you the opportunity to solve it and continue to work. Secondly, it will make the job go faster and more efficiently because you thought out the processes in advance of the start up.

HEALTH AND SAFETY MEASURES

Health and safety at work is one of the areas with a solid legal framework covering the maximum number of risks with the minimum number of regulations.

A safe and healthy work environment is the basic right of every worker. However, the global situation falls far short of this right. The International Labour Organisation (ILO) estimates that more than 125 million workers are victims of occupational accidents and disease in a single year. Of these approximately 220,000 workers die and about 10 million are seriously disabled.

With world population increasing, the above figures are expected to rise significantly if present conditions prevail. The situation is grim in the Third World. About 75 percent of the global workforce lives and works in Third World countries which have so many serious problems like poverty and unemployment that the status of health and safety is very low.

SAFETY MEAURES

Safety measures deals with prevention of accidents and with minimizing the resulting loss and damage to persons and property. Five basic principles must govern the safety programme of an organisation. They are :

1. Factors resulting to accidents have to be traced out, analysed and eliminated.

2. Identify potential hazards, provide effective safety facilities and equipment take prompt remedial action.

3. The top management must continuously monitor the safety performance.

4. Management and supervision must be fully accountable for safety performance in the work place.

5. All employees should be given thorough training in safe methods of work and should receive continuing education and guidance on eliminating safety hazards and on prevention of accidents

There are three E's of safety to prevent accidents, namely, engineering, education and enforcement of safety rules.

STATUTORY PROVISIONS FOR SAFETY IN INDIA

The Factories Act contain specific provision for the safety of workers.

1. When any part of the machinery is in motion, it is obligatory to fence the machinery.
2. Any examination, adjustment of any part of the machinery shall be carried out by trained male worker wearing tight fitting clothing.
3. No adolescent shall be allowed to work on any machinery which poses danger.
4. Suitable devices for cutting off power in an emergency shall be provided
5. Prohibition of employing women and children near cotton-openers.
6. Precautions against dangerous fumes, use of portable electric lights. Explosive or inflammable gas or dust, fire etc.

SAFETY PROGRAM

Every member of your company, from management on down, contributes to a safe workplace, but getting everyone on board to create a safer place to work can be a challenge. Safety Jackpot's Workplace Safety Programs provide the rewards – and excitement – to make it happen successfully.

The first goal of any Workplace Safety Program is to raise awareness of behaviors and areas such as machine usage in a factory, which can create hazardous situations. We provide information, ideas and articles that discuss ways to prevent accidents. But what truly makes our innovative workplace safety incentive plans effective are the lotto and other interesting games that reward the changes in behavior that actually make the workplace safer.

Our Workplace Safety Programs take a total quality management approach, looking at every aspect of the workplace to improve safety. Programs include methods to work directly with unions to enlist their help, demonstrating the benefits of worker health and safety not only to your company, but to the union as well.

We've found that creating a safer workplace not only reduces workers comp claims, but it can boost morale and job satisfaction, which in turn improves your relations with employees and their unions.

Requirements for the effective operatin of the Safety and Health programmes:

1. Safety committee :

Health and safety committees bring together workers and management to assist in the development and review of health and safety policies and procedures for the workplace.

The functions of the health and safety committee are:

- to facilitate co-operation between the person conducting a business or undertaking (PCBU - the new term that includes employers) and workers in instigating, developing and carrying out measures designed to ensure the health and safety of workers
- to assist in developing standards, rules and procedures relative to health and safety
- such other functions prescribed by the regulations or agreed between the PCBU (includes employers) and the committee.

The effective operation of a health and safety committee is dependent upon everyone fulfilling their role.

2. Safety discipline :

The most common problem we see in trying to use discipline is inconsistency. Remember discipline is punishment—a consequence focused on eliminating a behavior. We know that for a consequence to be effective it must be certain. But in many organizations we see that an at-risk behavior is punished when it results in an injury, but the same behavior goes unpunished when no injury occurs. What we're really doing in this case is punishing the injury, not the at-risk behavior, and people will see that. If this has any effect at all, it will be to teach people to hide injuries so they avoid punishment.

A related issue is that of mixed messages. Suppose I'm a manager and I tell people that safety is my highest concern. My crew then breaks a production record, but in doing so takes shortcuts with safety procedures, without having an injury, and my response is to heap praise on them and buy pizza for everyone. I may not even realize that they took shortcuts, but they know, and they know I rewarded the outcome without asking about how they did it. What behavior have I reinforced? When they take the same shortcuts next month and someone is injured and there is discipline, I've again told my crew that the behavior that gets punished is reporting an injury, and I'm really only giving safety lip service.

3. Feedback and incentives :

- Feedback, in many ways, is perceived like spinach. People feel uncomfortable telling someone that they have spinach in their teeth, and people feel uncomfortable giving feedback at work.

- The reality is that the majority of professionals cringe when it comes time for evaluations, self assessments, and even everyday feedback. Unfortunately, some managers communicate only when there is a problem, so employees tend to view feedback in a negative light. Lack of communication contributes to 80 percent of workplace issues. These statistics show that constant communication and ongoing feedback are critical to well-functioning and high-performing individuals, teams, and organizations.

- Believe it or not, feedback can be positive, worthwhile and even enjoyable. The key is knowing how to communicate when delivering and receiving feedback.

5. Safety training:

Training means helping people to learn how to do something, telling people what they should or should not do, or simply giving them information. Training isn't just about formal 'classroom' courses. Providing health and safety information and training helps you to:

- ensure that people who work for you know how to work safely and without risks to health;
- develop a positive health and safety culture, where safe and healthy working becomes second nature to everyone;
- meet your legal duty to protect the health and safety of your employees.

Effective training:

- will contribute towards making your employees competent in health and safety;
- can help your business avoid the distress that accidents and ill health cause;
- can help you avoid the financial costs of accidents and occupational ill health, such as damaged products, lost production and demotivated staff. Don't forget that your insurance might not cover all these costs. For information on business.

6. employees involvement :

Employee involvement is creating an environment in which people have an impact on decisions and actions that affect their jobs. Employee involvement is not the goal nor is it a tool, as practiced in many organizations. Rather, it is a management and leadership philosophy about how people are most enabled to contribute to continuous improvement and the ongoing success of their work organization.

How to involve employees in decision making and continuous improvement activities is the strategic aspect of involvement and can include such methods as suggestion systems, manufacturing cells, work teams, continuous improvement meetings, Kaizen (continuous improvement) events, corrective action processes, and periodic discussions with the supervisor.

7. Safety device :

Safety devices are devices that work to help secure the safety of anyone who is using them. There are different safety devices that can be found in the market today. Some of these are geared for children, women, and elderly. Some examples for these devices are corner edge protectors for children, stun guns for women, and cell phones with emergency response system for elderly.

8. Proper maintenance :

In order to ensure work equipment does not deteriorate to the extent that it may put people at risk, employers, the self-employed and others in control of work equipment are required by PUWER to keep it 'maintained in an efficient state, in efficient order and in good repair'. Such effective maintenance can not only help in meeting PUWER requirements but can also serve other business objectives, such as improved productivity and reduced environmental impact.

The frequency and nature of maintenance should be determined through risk assessment, taking full account of:

- the manufacturer's recommendations
- the intensity of use
- operating environment (eg the effect of temperature, corrosion, weathering)
- user knowledge and experience
- the risk to health and safety from any foreseeable failure or malfunction

Safety-critical parts of work equipment may need a higher and more frequent level of attention than other aspects, which can be reflected within any maintenance programme. Breakdown maintenance, undertaken only after faults or failures have occurred, will not be suitable where significant risk will arise from the continued use of the work equipment.

The manufacturer's instructions should describe what maintenance is required to keep the equipment safe and how this can be done safely. These instructions should always be followed, unless there are justifiable reasons for not doing so (eg where more frequent maintenance is necessary, due to intense use, adverse environmental conditions or when other experience shows this need). Maintenance on a less frequent basis than the manufacturer's recommendation should be subject to careful risk assessment and the reasons for doing so should be reviewed at appropriate intervals. For example, where there is already an inspection regime, perhaps for lightly used equipment, less frequent maintenance may be justified because of the condition monitoring already provided by the inspection programme.

There is no requirement for you to keep a maintenance log, although it is recommended for high-risk equipment. Maintenance logs can provide useful information for the future planning of maintenance, as well as informing maintenance personnel of previous action taken. However, if you have a maintenance log, you must keep it up to date.

9. Proper working conditions :

Working conditions refers to the working environment and aspects of an employee's terms and conditions of employment. This covers such matters as: the organisation of work and work activities; training, skills and employability; health, safety and well-being; and working time and work-life balance. Pay is also an important aspect of working conditions, although Article 153 of the Treaty on the Functioning of the European Union (TFEU) excludes pay from the scope of its actions in the area of working conditions.

Improving working conditions is one of the goals of the EU. Article 151 TFEU states that: 'The Union and the Member States… shall have as their objectives the promotion of employment, improved living and working conditions, so as to make possible their harmonisation while the improvement is being maintained'. Further, Article 153 TFEU states that 'the Union shall support and complement the activities of the Member States' in a range of social policy fields, including working conditions.

10. Safety engineering :

Oddly enough, personality issues can be paramount in a safety engineer. They must be personally pleasant, intelligent, and ruthless with themselves and their organization. In particular, they have to be able to "sell" the failures that they discover, as well as the attendant expense and time needed to correct them. They can be the messengers of bad news.

Safety engineers have to be ruthless about getting facts from other engineers. It is common for a safety engineer to consider software, chemical, electrical, mechanical, procedural, and training problems in the same day. Often the facts can be very uncomfortable as many safety related issues point towards mediocre management systems or worse, questionable business ethics.

10.4 SUMMARY

Many industries around the world are showing an increasing interest in the concept of 'safety culture' as a means of reducing the potential for large-scale disasters, and accidents associated with routine tasks. Financially healthy organizations are likely to be those which are successful in maintaining and retaining a workforce characterized by good physical, psychological, and mental health. In drawing upon recent empirical studies, this paper examines a wide range of issues including: factors intrinsic to the job, corporate culture, managerial style, style of work organization and physical layout, home/work interface, etc., which impact on employee health and well-being, and so determine the financial health and profitability of the organization. It also addresses the efficacy of various intervention strategies in reducing employee stress, and their implications for organizational practices and human resource policies.

10.5 SELF ASSESSMENT QUESTIONS

1. Give the importance of Organizational Health and safety. Explain how safety measures can help in reducing industrial accidents.

2. Discuss about the requirements for the effective operating of the Safety and Health programmes.

3. Explain in detail the steps in preparing the safety programmes.

4. Write short notes:
   A. Health and safety measures
   B. Causes o accidents
   C. Safety programmes in the organization.

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11

MEANING AND CAUSES OF STRESS

Unit Structure :

11.0 OBJECTIVES

After studying the unit the students will be able to:

- Define the term stress.
- Explain the cases of Stress.
- Discuss the causes of reducing stress on the job.
- Elaborate the effects of Stress.
- Explain the concept Employee welfare and its importance.

11.1 INTRODUCTION

Stress is a state of mind that shows certain biochemical reactions in the human body and is projected by a sense of anxiety, tension, depression, frustration and irritation. Such reactions are caused when the demands of the environmental forces or internal forces are not met by the resources available to the person. Situations produce stress in the form of bio-chemical, functional and structural changes in the human organism. These situations could be fear, pain, fatigue, emotional arousal, humiliation, frustration, lack of concentration, blood pressure, drugs, loss of loved one, non-occurrence of an expected event and even unexpected successes that require a change in the operational style. High level stress damages the physical and psychological well-being of a person and extremely low levels of stress are equally undesirable for they cause boredom, and result in lack of stimulation, innovation and challenges. Thus moderate level of stress is necessary for higher level of performance. A potential for stress exists when an environmental situation is perceived as presenting a demand which threatens to exceed the person's capabilities and resources for meeting it, under conditions where she/he expects a substantial differential in the rewards and costs for meeting the demand versus not meeting it.

11.2 MEANING AND DEFINITION OF STRESS

The term “Stress” refers to the body’s physical, mental, and chemical reactions to circumstances that confuse, endanger, frighten or irritate the individual.

According to Hans Selye Stress is defined “as the nonspecific response of the body to any demand ”.

Stress is a discrepancy between an employee’s perceived state and desired state, when such a discrepancy is considered important by the employee. Stress influences two behaviors - (1) the employee’s psychological and physical well-being and (2) the employee’s efforts to cope with the stress by preventing or reducing it.

S.P. Robbins defined stress as, “It is a dynamic condition in which an individual is confronted with an opportunity, constraint or demand related to what he or she desires and for which the outcome is perceived to be both uncertain and important”.

Beehr and Newman defined job stress as, “A condition arising from the interaction of people and their jobs and characterized by changes within people that force them to deviate from their normal functioning”.

“Stress is defined as an increased strain, an intense physical and / or psychological type of tension. The body’s stress reaction causes one to become ready for action in the shortest period of time. Stress releases a lot of energies which give extraordinary strengths.”

Stress may be defined as "a state of psychological and/or physiological imbalance resulting from the disparity between situational demand and the individual's ability and/or motivation to meet those demands".

In many ways, this definition incorporates what most theorists see as the main ingredients in stress, namely, subjective appraisal of a demanding environment, a realisation that demands may outstrip resources, and that the consequences of not coping are important. In the absence of a universally agreed definition of stress, the widely accepted protocol of describing environmental factors as "stressors", individual responses as "strains", and the vast gamut of mediating activity in the form of cognitive processing and personality dispositions as "intervening variables" can usefully be adopted.

Stress is an adaptive response to an external situation that results in physical, psychological and/or behavioural deviations for organisational participants.

Positive aspects of stress are:

Stress can mean different things to different people Following points explain the nature of stress:

1. Stress is not simply nervous tension.

2. Stress is not necessarily something damaging bad or to be avoided.

3. Stress is not simply anxiety.

4. For some it can threaten to take over their lives while for others, once they are aware of its causes and effects, stress can add excitement and challenge to their lives.

5. Stress is often defined as a mismatch between the demands placed on us and the way we cope with these demands.

6. It can have a positive and a negative effect. Stress can be positive when it motivates us to get things done which are important to us. However, it can be negative when we constantly feel pressurized or traumatised by too many demands.

We all have demands placed on us – they come from our work or being unemployed, from relationships, deadlines, financial problems, illness and so on. We also have to deal with major changes like moving home, changing jobs, getting married or coping with the death of a loved one. The way we cope with these demands will depend on the way we think, our personality and our previous life experiences.

11.3 SOURCES OF STRESS

There are two sources of stress namely organizational sources and personal sources.

A. ORGANIZATIONAL SOURCES

The extent and ratio of stress that people experience in job place are influenced by the following factors:

1. Nature of job

The nature of job itself can determine the type and degree of stress that can be induced. Some jobs lead to more stress-related responses than others. For example job of a police officer, or air traffic controller are often considered to be low- stress jobs. In general high stress occupations are those in which the employees have little control over their operations, work under time constraints and have major responsibilities for human or financial resources. Persons working under adverse working conditions such as temperature extremes, pollution, uncomfortable lighting and ventilation and loud noise are also vulnerable to high stress.

According to a study, some of the high stress jobs are foreman, manager, inspector, waitress or waiter and clinical laboratory technician. On the contrary low stress jobs are college professor, personnel worker, craft worker, farm labourer etc.

2. Role Ambiguity

Role is the set of activities associated with certain position in the organisation. When there is lot of uncertainity regarding job definitions or job expectations, then people experience role ambiguity. Role ambiguity is high in managerial jobs where responsibilities are more and role definitions and task specifications are not clear.

Role ambiguity produce psychological strain and dissatisfaction, lead to under-utilization of human resources and leads to feeling of futility on how to cope with the organizational environment.

3. Role Conflict

Role conflict occurs when two or more persons have different and sometimes opposing expectations of a given individual. Role conflicts occur when contradictory demands are at the same time placed before an employee. For example, a building contractor may ask a carpenter to something which is different to what the city building code is, thus causing a role conflict. Similarly a father may know that his son has committed a crime but does not inform the police.

4. Responsibilities assigned to employee's

Any type of responsibility can be a burden on an employee. Holding a person responsible for anything going wrong can create stress and it can be more if the manager has a limited degree of control over his subordinates.

5. Lack of Participation

When the employee's are allowed to participate in the decision making process of the organisation, the employee's develop high morale, work more efficiently and feel that they have control over the work environment thereby reducing the extent of role conflict and role ambiguity which are the causes of stress.

6. Interpersonal Relations

The efficiency, performance and effectiveness of a organisation is mapped by the degree of relations that the people enjoy in the work place. Harmonious, cordial and congenial relations result in peace. When the interpersonal relations are poor there is stress, tension and anxiety. Under such crisis full situation the superior and subordinate relations keep deteriorating

B. PERSONAL SOURCES

1. Job concern

Job variables can become stressors when they become sources of concern, anxiety and frustration to a individual. Lack of job security, prospect of losing a job with family depending on the individual, job recession, low status of job, lack of career progress are all factors resulting into stress.

2. Relocation

Transfers or promotions resulting into change of place geographically, disturbs the routine daily life of individual causing stress. Fear of working in a new place, unpredictability of the new work environment, anxiety due to fear of how to create new relations, getting away from spouse, children, relatives or looking for new dwelling, school for children in new place can be the result of uncertainty and a cause of stress.

3. Change of life structure

Structure of life and process of living has many facets like socio-cultural factors like religion, race, education, family. As a person grow older responsibilities also grow up, and therefore stress develops. The extent of stress is also determined by the ability to cope with stress

Symptoms of Stress:

Symptoms of stress are generally into the following two categories:

1. **Physiological Symptoms:** Some of the physiological symptoms of stress are :
   - I Increase in blood pressure,
   - Ii Increase cholesterol,
   - Iii Frequent cold and fever,
   - Iv Increase biochemical substances such as uric acid and catecholamine.
2. **Psychological Symptoms** : Psychological symptoms of stress are :
   - i. Anger,
   - ii. Frustration,
   - Iii. Irritation,
   - iv. Depression,
   - V. Fatigue,
   - Vi. Lower job satisfaction,
   - Vii. Loss of self-esteem.

Causes Of Stress:

The isolation and loneliness are responsible for domestic stress and mental illness. Dirt, smell, chemical pollution and cigarette smoke can be stressful. The chemicals in our foods, drinks and drugs contribute to stress. In modern times alcohol helps the body and mind relaxes but taken in excess it acts, damaging the liver and impairing brain.

The various causes that led to stress are as follows:

1. Extra-organizational Stressors:

It refers to factors outside the organization which lead to stress. These factors do affect the organization and are affected by the organization as well. Some of these factors are as follows:

a. **Social and Technological Changes:** The speed at which changes are taking place results in stressful condition; It is difficult to get adjust quickly to such rapid changes which make- life disrupted.

b. **Financial Problems**: In a city like Mumbai, where accommodation is expensive and the standard of living is high, then financial problem can be a cause of stress, wherein a person needs to earn extra money for that needs to work additional or the wife has to earn some money, which reduces domestic family life and increases the potential for stress.

c. **Family Problems:** Family problem may be something serious such as strained relationship between the spouses or parents, and the children. Another problem could be mentally retarded children, handicapped child, etc.

d. **Race, Religion and Sex of a Person:** Factors such, as sex, religion can be stressors. Women have more stress than men because the world is dominated by men.

e. **Civic Amenities:** The area where one lives, the water supply, air pollution, noise pollution, electricity supply "etc. all these are extra-organizatiohal factors which can cause stress.

2. Organizational Stressors:

Stressors inside the organization are:

a. **Occupational Demands:** Some jobs are monotonous and complex; some are highly repetitive and require constant vigilance is more stressful. For example, job of a fire fighter, policeman air pilot etc.

b. **Personal v/s. Organizational Life:** When the family and personal needs interfere with organizational demands, it leads to stressful conditions. For example, a manager is promoted and given prestigious posting abroad but need to resume on duty immediately at the same time one of the family members is very sick and needs him at home.

c. **Career Concern:** If an employee is too much concerned about his own career and feels that there are no opportunities for self-growth, he might feel stagnant and experience stress.

d. **Role Conflict:** Different people do have different expectation which results in role conflict, i.e. a manager in the organization is a link between management and workers and often faces role conflict.

e. **Role Ambiguity:** Employees experienced stress when they are provided with ambiguous idea or information about their work which creates confusion in minds of the workers and results in stress.

f. **Work Overload and Under load :** Work overload refers doing too much of work in allotted time. 'Work overload can be of two types:

g. **Quantitative Overload:** In which the employee is asked to do more work as compared to he can complete in a specific period of time.

h. **Qualitative Overload:** Wherein employee feels that he do not possess required skills or abilities to perform the job Work under load refers to too little work to do can also result in stress.

i. **Responsibility for Others:** It observed that people who are responsible for other people experience higher level of stress.

j. **Organizational Process:** Office, politics, lack of information, poor communication etc. results in organizational stressors.

k. **Organizational Policies:** Frequent transfers, inflexible rules, pay inequity, work shift, unfair performance appraisals systems can also cause stress.

l. **Working Conditions:** Excessive heat or cold, distracting noise, poor lighting, inadequate safety measures, unpleasant smells and such conditions do affect the employees and lead to stress.

m. **Lack of Cohesiveness and Social Support:** Lack of togetherness i.e. no unity between the members can result in stressors. Lack of social support within the members may also lead to stressors.

11.4 COPING WITH STRESS

It is perhaps impossible to eliminate stress altogether, but by controlling or reducing stress on the job, an organization can become a more productive an healthy working place.

A. ORGANIZATIONAL STRATEGIES

Organizations are also increasingly realizing that they should be involved in managing their employees' stress. There are two different rationales for this view. One is that because the organization is at least partly responsible for creating the stress, it should help relieve it. The other is that workers experiencing lower levels of harmful stress will function more effectively. Two basic organizational strategies for helping employees manage stress are institutional programs and collateral programs.

1. **Preventive management**: Preventive management can be conducted by surveys and employee/group interviews. Managers can identify potential problems of serious stressors and take steps to reduce them.

2. **Maintaining a productive culture**: Maintenance of positive organizational environment and satisfied employees sets the

right direction. For releasing the stress organizations are adopting stress management programs, health promotion programs, and other kinds of programs. More and more companies are developing their own programs or adopting existing programs of this type. Many firms today also have employee fitness programs. These programs attack stress indirectly by encouraging employees to exercise, which is presumed to reduce stress.

3. **Management by objectives** : A management by objectives or similar performance appraisal technique that identify employee goals, roles and responsibilities and strengthen communication can reduce stress by eliminating uncertainty in critical aspects of employee's jobs.

4. **Controlling the physical environment:** Reducing stress in the physical environment requires that management undertake one or two different strategies. First by reducing noise, better control of temperature, second by protecting employees by improved safety equipment. Appropriate working environment should be provided such as sufficient lighting, ventilation facilities, adequate safety and security measures, facilities for rest and recreation can be provided to reduce the impact of stress.

5. **Change in Organizational Structure:** The organization's culture also can be used to help manage stress. In some organizations, for example, there is a strong norm against taking time off or going on vacation. In the long run, such norms can cause major stress. Thus, the organization should strive to foster a culture that reinforces a healthy mix of work and non work activities. Proper means of communication, making rules that are flexible, helps in combating stress.

6. **Decentralisation of Authority:** Another strategy used is decentralization of authority i.e. increasing the active participation of subordinates in decision making and reducing the involvement of seniors.

7. **Changing the Nature of Job:** Properly designed jobs and work schedules can help ease stress. Shift work, in particular job can cause major problems for employees, because they constantly have to adjust their sleep and relaxation patterns. Thus, the design of work and work schedules should be a focus of organizational efforts to reduce stress. The redesigning of the nature of some job can helps to solve the problem of stress i.e.

i. Boosting employee morale and enhancing motivation of employee.

ii. Minimising work overload and under load.

iii. Removing unpleasant and risky elements from the organizations.

iv. Increasing qualitative features of the job.

v. Encouraging the employees in active participation in decision making etc

B. PERSONAL STRATEGIES

1. **Meditation**: Transcendental meditation gives mental and physical relaxation. Meditation reduces anxiety and improves work performance and gives job satisfaction.

2. **Exercise:** One of the least expensive and effective stress reduction strategies is exercise like jogging, sports, fitness classes, cycling, swimming etc. This improves mental and physical health. More research has suggested that people who exercise regularly feel less tension and stress, are more self-confident, and show greater optimism. People who do not exercise regularly feel more stress, are more likely to be depressed, and experience other negative consequences.

3. **Entertainment:** Watching a favorite movie or listening to music can release stress.

4. **Removing the cause of stress** : sometimes one can easily check the cause of stress, for example, a confrontational supervisor, difficult support staff, no possibility for advancement etc. Thus the key is to reduce or lessen the cause.

5. **Seeking Counseling** : Stress is a common psychological problem. Counselors can offer helpful insights and stress-reduction techniques that may remove the problem.

6. **Relaxation:** It is related method of managing stress. Proper relaxation is an effective way to adapt stress. Relaxation can take many forms. One way to relax is to take regular vacations. People can also relax while on the job. For example, it has been recommended that people take regular rest breaks during their normal workday. A popular way of resting is to sit quietly with closed eyes for ten minutes every afternoon.

7. **Behavioural Self-control:** This strategy involves the individual to control on the stressful situation instead of allowing the situation to control him.

8. **Bio-feedback:** It is a technique where a stress victim, under medical guidance, learns to influence symptoms of stress such as headache.

9. **Time Management:** Time management is often recommended for managing stress. The idea is that many daily pressures can be eased or eliminated if a person does a better job of managing time. One popular approach to time management is to make a list every morning of the things to be done that day. Then you group the items on the list into three categories: critical activities that must be performed, important activities that should be performed, and optional or trivial things that can be delegated or postponed. Then, of course, you do the things on the list in their order of importance. This strategy helps people get more of the important things done every day. It also encourages delegation of less important activities to others.

10. **Role Management**: In role management the individual actively works to avoid overload, ambiguity, and conflict. Another role management strategy is to learn to say "no." As simple as saying "no" might sound, a lot of people create problems for themselves by always saying "yes." Besides working in their regular jobs, they agree to serve on committees, volunteer for extra duties, and accept extra assignments. Sometimes, of course, we have no choice but to accept an extra obligation. In many cases, however, saying "no" is an option.

11. **Support Groups**: It is also a good method for managing stress. Here the individual have to develop and maintain support groups. A support group is simply a group of family members or friends with whom a person can spend time. Going out after work with a couple of coworkers. Supportive family and friends can help people deal with normal stress on an ongoing basis. Support groups can be particularly useful during times of crisis. Gaining social support from family members and co-workers often helps to reduce stress.

Workplace stress is hard to handle at the best of times, but when unemployment is high, redundancies are common and competition for promotions is so fierce it's frightening, workplace stress levels go through the roof. The problem with workplace stress is it is often hard to identify other than a general feeling of 'being stressed'. Being able to identify the root cause of that stress means you can take steps to dry and deal with it.

11.5 EFFECTS OF STRESS

Some of the important effects of stress are described below:

1. Effect on Individual:

Stressful situations which are prolonged produce serious physical and psychological disorders.

a. **Physical Health:** Individual experiencing prolonged stress situation suffers from heart disease. It also gives Vise to high-blood pressure, ulcers, arthritis, headache etc. It has been found that more than 50% of the physical illnesses are partly caused by stress.

b. **Psychological Health:** Stress has an adverse effect on employee's attitude and behaviour. It has effects such as anxiety, nervousness, anger, depression, boredom etc. The change in employee's behaviour has an adverse effect on job performance. It affects self-esteems, reduces job satisfaction.

c. **Alcoholism and Drug Addiction:** Many people gets addicted to alcohol or drug in order to escape from the ill effects of high level stress. It may lead to negative effects on the health of that particular individual. It may also lead to increased absenteeism, loss of production, increased work accidents.

d. **Burnout:** A syndrome of emotional, physical and mental exhaustion resulting from prolonged exposure to intense stress. The symptoms of burnout are loss of energy, a person looks tired, experiences frequent headaches, nausea, back pain, sleeplessness, feeling of depression, holds negative attitude towards job, loss of self-confidence.

2. Effect of Stress on Organization Behaviours :

i. It affects the performance level of an employee.
ii. Person experiencing high level of stress result in low level of performance, loss of self-confidence.
iii. It leads to increase in absenteeism and turnover.
iv. It leads to alcoholism, drug abuse, smoking etc.

11.6 MEANING OF EMPLOYEE WELFARE

Employee welfare is a term including various services, benefits and facilities offered to employees by the employers. The welfare measures need not be monetary but in any kind/forms. This includes items such as allowances, housing, transportation, medical insurance and food. Employee welfare also includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and unemployment for the workers and their families. Through such generous benefits the employer makes life worth living for employees.

Employee welfare means "the efforts to make life worth living for workmen." According to Todd "employee welfare means anything done for the comfort and improvement, intellectual or social, of the employees over and above the wages paid which is not a necessity of the industry."

However, the [International Labour Organization] ILO at its Asian Regional Conference, defined labour welfare as a term which is understood to include such services, facilities and amenities as may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy, congenial surroundings and to provide them with amenities conducive to good health and high morale.

Welfare includes anything that is done for the comfort and improvement of employees and is provided over and above the wages. Welfare helps in keeping the morale and motivation of the employees high so as to retain the employees for longer duration. The welfare measures need not be in monetary terms only but in any kind/forms. Employee welfare includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and unemployment for the workers and their families. Labor welfare entails all those activities of employer which are directed towards providing the employees with certain facilities and services in addition to wages or salaries.

11.7 IMPORTANCE OF EMPLOYEE WELFARE

As a business, you have to provide various benefits to ensure your employees' welfare. While this may increase your business expense and negatively affect your bottom line, looking after your employees will benefit you in other ways.

1. Compliance:

As an owner, you are required by law to provide certain benefits for the welfare of your employees. You may have to match the Social Security taxes your employees pay and obtain a worker's compensation insurance policy. If you terminate an employee, you may have to funds to extend his health insurance.

2. Hiring and Retention:

The benefits an employee receives from his employer for his welfare are often a significant reason why he decides to accept a job offer. As such, providing employee benefits allow you to compete with other businesses to recruit and retain qualify employees. If other employers offer better benefits, good employees may choose to go there.

3. Employees Motivation:

By providing a plan that's good for employees' welfare, you show them that you value them. This can help make them feel welcome and happy in your company, motivating them to work harder. If your health plan has wellness coverage and preventative care, employees are more likely to stay healthy, cutting down on absenteeism and sick days.

4. Employees' Well-Being:

For companies that have a large base of employees working under stressful conditions or living away from family, it is important to look at fostering personal happiness and professional growth. Investing in employees pays dividends in terms of higher productivity and greater loyalty

5. Company Image:

Providing a good employee welfare plan reflects well on your business, building a good company image. It may even earn you some press coverage, giving you free publicity to improve awareness among potential customers. This may boost your sales and increase your profits.

Classification of Employee Welfare

The welfare activities, may be classified as under:

1. **Statutory:** Being a welfare state, every government has its statutory obligation to provide welfare facilities to workers. The State promotes the welfare of the workmen be safeguarding a social order in which justice-social, economic, political – conforms to all the institutions of the natural life. For this purpose some essential acts are passed. These acts are related to regular minimum wages, working conditions, safety and sanitation etc. Such statutory provisions have to be followed by every employer.

2. **Voluntary :** Though these activities are not statutory they increase the efficiency of workers. That is why, the employers provide them for their workers at their own. Further, these welfare facilities are necessary for maintaining industrial peace.

3. **Mutual :** Mutual welfare activities are initiated by trade unions. Trade unions are working for the betterment and safeguard of welfare activities for their members. For this purpose, the unions take initiative to provide welfare facilities to the workmen.

Sub-Classification

1. **Intro-mural Activities :** These facilities have been provided by the employer inside the mills, such as, sanitary conditions, medical facilities, shelter, canteens etc.

2. **Extra-mural Activities :** These facilities have been provided by the employers outside the mills, such as housing, education, medical facilities, recreation etc.

In the Indian context, the welfare activities play an important role in industrial sector. In India, most of the industrial workers are rural folk. They have a migratory character. They often go to their villages, on various occasions, like festivals, marriages, harvest, sickness etc. This shows that the Indian industrial labour does not have stable life. In such circumstances, the welfare facilities will increase the possibility of stable labour force. Workers' migratory character may be reduced by providing them good and healthy welfare facilities.

Labour welfare activities may reduce the disparity in the real income. We want to establish a socialistic pattern of society. This type of society cannot be established without filling the gap between the rich and the poor. Worker's conditions may be improved by providing them welfare facilities.

Welfare Activities

Various acts are available for providing welfare facilities to the workers. The following welfare provisions are normally available to the workers.

1. Health Provisions

The Factories Act provides the following provisions regarding sanitary conditions in the industrial units to take care of health of the workers.

a) Cleanliness of the factory : The factory shall be clean and free from effluvia arising from any drain, privy or other nuisance and in particular.

i) Accumulation of dirt and refuse shall be removed daily by sweeping;

ii) The floor shall be cleaned at least once in every week by washing, using disinfectant;

iii) where a floor is liable to become wet in the course of manufacturing process to such an extent that it is capable of being drained, effective means of drainage shall be provided and maintained;

iv) Walls and doors will be white washed or painted at regular intervals as prescribed.

b) Disposal of Waste and Effluents: Every factory shall have effective arrangements for the treatment of waster and effluents disposal.

c) Ventilation and Temperature: There is a provision that every factory has to take effective measures for maintaining in every work room adequate ventilation by the circulation of fresh air and such a temperature as will secure to workers therein reasonable conditions of comforts of prevent injury to health.

d) Dust : Every factory shall have effective arrangements for the prevention of the inflation or accumulation in any work room of the dust or fume given off by any manufacturing process being carried on or in that factory which may be injurious to the health of the workmen.

e) **Artificial Humidification:** State Government has framed rules in this regard. If artificial humidification is not done in the mill, water used for the purpose should be effectively purified before it is used.

f) **Drinking Water:** In every mill effective arrangements shall be made to provide and maintain at suitable points conveniently suitable for all workers employed therein a sufficient supply of wholesome drinking water. The water point shall not be established within 20 ft. of any working place, urinal or latrine unless of a shorter distance is approved in writing by the chief Inspector.

g) **Over-crowding:** Every factory must avoid over-crowding by providing 500 c. ft. area for every worker.

h) **Lighting:** There is a provision for providing suitable lighting in every part of the work place.

i) **Latrines and Urinals:** Every factory must maintain sufficient latrines and urinals accommodation of prescribed type separately for male and female workers.

j) **Spittoons:** There shall be sufficient number of spittoons at convenient place and they shall be maintained in clean / hygienic conditions. Whoever spits otherwise than in spittoons shall be punishable.

However, it is observed that facilities are neither uniform nor satisfactory.

2. Safety of the Workers

Safety provisions are also provided for workers according to the Factory Act. The employer must see that the workers use all those guards which are prescribed for their personal safety. Safety provision include fencing of machinery, rules for work on or near machinery in motion, ban on employment of younger workers on dangerous machines, striking gear and devices for cutting off power, rules regarding revolving machinery, pressure plants, hoists and lifts and precautions against dangerous fumes, explosive or inflammable dust, gas etc. and precautions in case of fire.

In this connection, the National Commission on Labour recommended that employers' associations and trade unions should take more interest in safety promotion. Safety committees should be set up in factory employing hundred or more workers. The factory inspector should advise and assist employers in drawing up induction and training programme in safety.

3. Welfare of the Workers

The following are welfare facilities which should be provided to improve the working conditions of the workmen by the management.

a) **Washing facilities :** There should be adequate washing facilities separately for the use of male and female workers.

b) **Facilities for storing and drying clothes:** State Government may direct factories to provide for suitable place for keeping clothing not worn during working hours and for drying of wet clothing.

c) **Sitting Facilities:** Every factory must maintain proper sitting arrangement for all the workers who are obliged to work in a standing position. So they may take rest at proper time.

d) **First Aid Facilities:** The first and boxes / cupboards equipped shall be provided by every factory with the prescribed contents. This will be kept in charge of a separate person having a first aid treatment certificate. For every one hundred and fifty workers one box must be provided.

e) **Canteens:** Rules may be imposed by the State Government regarding the Canteen facilities where two hundred and fifty or more workers are employed.

f) **Shelters, Rest Rooms and Lunch Rooms:** Every factory (mill) where one hundred and fifty or more workers are employed must maintain adequate shelters or rest rooms and lunch rooms with provisions of drinking water for the workers. A canteen shall be regards as part of the requirement of the provision.

g) **Crèches:** Where more than thirty women workers are employed there shall be a suitable room for the use of children under the age of six years of such women.

h) **Welfare Officer:** A factory where more than five hundred workers are employed must employ Welfare Officer. The State Government will prescribe the qualifications, terms and conditions and duties for such Welfare Officers. Under the Factories Act, 1948 employers are under an obligation to appoint Welfare Officer in every factory. He is often required to act as a go-between for management and labour. He should have a good knowledge of psychology and an ability to win the confidence of the workers.

Proper ventilation, reasonable temperature in work rooms and adequate and suitable lighting in places of work are of prime necessity in any industries. But in many industries these facilities are not available.

Other Provisions Related to Welfare

Following are the main provisions of the Factories Act which are not directly related to labour welfare activities but indirectly they affect the workers welfare:

1. **Hours of Workers:** A workman cannot be called upon for work for more than forty eight hours a week and nine hours on any day. National Commission on Labour recommended that the working hours in the night shift should be even less than this and a credit of ten minutes should be given for each hour work in the night shift. Further it said that the reduction of working hours create additional opportunity of employment and improves the health of the workers. On the whole, the working hours should be less on the ground of high labour productivity.

2. **Weekly Holiday:** No worker will be called upon to work in the company on the first day of the work unless he is given a full holiday on one of the three days immediately before or after the said day. Further, he shall not work in any case continuously for more than ten days without a full day holiday.

3. **Compensatory Holiday:** In case a worker is deprived of the weekly holiday he shall be allowed within two following months compensatory holidays of equal number to the holidays lost.

4. **Rest Intervals and Spread over of Working Hours :** A worker shall be given half an hour rest after doing five hours work and the total working hours should not be more than ten and half hours on any day including the rest intervals.

5. **Wages for Overtime:** Payment of wages for overtime work will be made on the rate twice ordinary rate of wages to a worker who has worked in the factory for more than nine hours in any day or for more than forty eight hour in any week.

6. **Employment of Women:** The factory Act 1948 has provided for a few provisions for women, such as:

   a) A woman worker shall not be required / allowed to work in any factory for more than 48 hours in a week or 9 hours in a day.

   b) A woman shall not be employed in a factory except between 6:00 a.m. to 7:00 p.m.

   c) There shall be no change of shifts in the case of women except after weekly or any other holiday.

   d) A woman worker shall not be allowed to clean, apply lubricant or adjust any part of a prime mover or any transmission machinery while it is motion.

   e) Any work which may be considered dangerous to the health of woman worker is prohibited by the State Government.

   f) Leave with Wages : A woman who has worked more than 240 day in mill during a calendar year is entitled to leave with wages during the subsequent year at the ratio of –

      i) one day for every 20 days for an adult worker, and

      ii) one day for every 15 days for child worker.

   g) Payment of Wages in Advance : Every worker who has been allowed leave for not less than four days in case of an adult and five days in case of a child shall before his leave begins, be paid the wages due for the period of the leave allowed.

Actually speaking, the role of employer's and workers' associations in the field of labour welfare activities is not significant. No welfare activities are being undertaken by these associations. Trade unions should educate the workers. They should take steps to ensure that welfare facilities provided by employers or by state are properly utilized by the workers.

11.8 SUMMARY

Stress is a state of psychological and/or physiological imbalance resulting from the disparity between situational demand and the individual's ability and/or motivation to meet those demands. However, a prolonged presence of intense

stress is certainly not beneficial to individual as well as organization. There are outside forces which have tremendous impact on the job. Like societal/technological change, the family, relocation economic and financial conditions, race and class and residential or community conditions. As well as Group Stressors are there those divided into three areas. Lack of group cohesiveness or togetherness, Lack of social support and Intra individual, interpersonal and intergroup conflict.
The element of perception indicates that human stress responses r eflect differences in personality, as well as differences in physical strength or general health.

11.9 QUESTIONS

1. Define stress. Explain its nature and causes of stress.
2. Elaborate how to cope with stress.
3. Explain in detail the impacts of stress.
4. What is the meaning of Employee welfare? Explain the importance of Employee welfare.
5. Write short notes:
    a. Organisational Strategies for coping with stress
    b. Personal Strategies for coping with stress
    c. Symptoms of stress

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12

RECENT TRENDS IN HUMAN REOURCES MANAGEMENT I

Unit Structure :

12.0 OBJECTIVES

After studying the unit the students will be able to:

- Understand the concept Work-life Balance.
- Explain the measures that encourage work-life balance.
- Define the Corporate Social Responsibility.
- Explain the scope and key elements of Corporate Social Responsibility
- Importance and advantages of Corporate Social Responsibility.
- Explain the concept organizational restructuring and downsizing.

12.1 CONCEPT OF WORK- LIFE BALANCE

12.1.1 INTODUCTION

Work life balance is a broad concept that encompasses prioritising between work (including career and ambition) on one hand, and life (including areas such as health, leisure, family, pleasure and spiritual development) on the other. There are also two key concepts related to work/life balance - achievement and enjoyment. Achievement can be related to setting and achieving the goals we have in life i.e. buying a new house, job satisfaction, further education etc. Enjoyment is related not just to happiness, but also pride, satisfaction, celebration, love, and a sense of wellbeing. Life will often deliver the value and balance we desire when we are achieving and enjoying something every day in all the important areas of our lives. Therefore, a good working definition of work/life balance is meaningful daily achievement and enjoyment in each of our important life quadrants. These life quadrants will vary for each person but may include, for example, work, family, friends and self (WorkLifeBalance.com).

Work-life balance has been widely discussed since the launch of a major government campaign in 2000 (Changing Patterns in a Changing World). This initiative was aimed at encouraging employers to adopt flexible working arrangements such as job sharing, flexi-time, compressed hours and others, to help their employees to achieve a better balance between the demands of paid employment and those arising from their private life. The concept of work-life balance is based on the notion that paid work and personal life should be seen less as competing priorities than as complementary elements of a full life. The way to achieve this is to adopt an approach that is “conceptualised as a two way process involving a consideration of the needs of employees as well as those of employers” (Lewis, 2000: p.105). In order to engage employers in this process it is important to demonstrate the benefits that can be derived from employment policies and practices that support work-life balance, and the scope that exists for mitigating their negative effects on the management of the business.

The case for work-life balance tends to be made on two counts. First, that work-life balance improves individuals’ health, wellbeing and job satisfaction. Second, that business can benefit from work-life balance because these policies:

- improve productivity and worker commitment
- reduce sickness absence (from 12 per cent to 2 per cent according to UNISON research)
- increase retention rates for talented workers and reduce replacement costs

- allow organizations to recruit from a wider pool of talent
- enable organizations to offer services beyond usual business hours by Employing workers on different shifts that fit in with caring responsibilities.

12.1.2 Measures for work-life balance:

The measures that encourage work-life balance among employees can be categorized into:

1. Flexible work options
2. Support programmes

A. Flexible Work Options

Depending on the needs of the department, flexible work options may be an alternative to a traditional work schedule that can help produce cost savings, expand customer service hours, and provides work location alternatives for that positively impact commuting and parking.

Flexible work options are possibilities, not entitlements. They are constrained by factors such as the nature of the work to be performed, productivity, federal and state laws, union contracts, restrictions of funding sources, task interdependence, and other operational constraints. Prior to implementing any flexible work option, managers should review General Considerations carefully and consult with the appropriate Human Resources representative.

- **GENERAL CONSIDERATIONS**

  1. Flexible Work Options are implemented at the discretion of management, taking into consideration the needs of the department and co-workers, health and safety consequences, equity, benefits issues, performance management and productivity. Managers and administrators need to be particularly sensitive to the audit process, legal liability issues and funding source restrictions.
  2. When evaluating flexible work options, both the manager and the employee should consult Benefits to examine any potential benefits consequences, e.g., cost of benefits if FTE is below 75 percent and potential impact on leave accrual.
  3. Implementation should come after careful review with the employee of the specific option, expectations of performance, and the logistics of transition.

4. The employee, supervisor or manager and the local human resources office should sign documents reflecting the arrangement and any change.
5. The local Human Resources office may consult with Employee and Labor Relations before considering flexible work options to ensure that:
   - The agreement is recorded as required by State law
   - The union agrees that the option is in accordance with any applicable provisions in a collective bargaining agreement.
6. A pilot period is strongly recommended with regularly scheduled reviews with the affected staff.
7. The arrangement should be carefully monitored at regular intervals to ensure conformance with operational needs.
8. Written documents should reflect both the university's and the employee's ability to terminate the arrangement and the relevant guidelines.

- **TYPES OF FLEXIBLE WORK OPTIONS**

1. **Flextime:** A generic term referring to flexible work schedules that permit variable starting and quitting times within limits set by management. Typically, flexible periods are at either end of the work day with a designated "core-time" set in the middle, during which all employees must be present in the workplace.

2. **Alternative Work Schedule:** Refers to a standard workweek (40 hours) that is condensed into fewer than five full days. A common alternative workweek schedule is four 10-hour days. Refer to Administrative (PDF), for details. Note: Alternative Work Schedules for non-exempt (hourly) employees are governed by California State law. There are specific requirements that must be followed before an alternative work week may be implemented for non-exempt employees. Please consult with human resources prior to proceeding with non-exempt alternative work schedules.

3. **Flex place:** Also called telecommuting or working from home, is a mutual agreement between a supervisor and a staff member that some part(s) of the staff member's work is done at home, or at another location different from the employee's usual workplace.

Stanford University recognizes the importance to help an employee achieve a balance between work and the employee's personal life. However, under no circumstances should the flex place work arrangement be used as a substitute for dependent care or for other non-business reasons. If the flex arrangement is approved it is the employee's responsibility to make the proper arrangements for dependent care and for other personal obligations and to not let this interfere in performing the required work.

Typically, the staff member will continue to work on-site the majority of work hours. Flex place can include "occasional flex place" in which the employee works at a different location when a specific task requires uninterrupted time and privacy. Issues of appropriate supervision, the nature of the work, and compliance with all legal requirements must be carefully considered before such an arrangement is approved and the arrangement must be carefully monitored on an ongoing basis.

The employee is responsible to inspect the designated workspace before work from home begins, and on a periodically-scheduled basis thereafter (yearly minimum recommended), and whenever work area changes introduce new potential workplace hazards. The department is to retain all documentation (for one year minimum) regarding inspections, including findings and corrective actions.

B. Support Programmes

The Government's action plan, issued in June 2014, aims to help older people stay in the workplace. It sets out a range of measures including the appointment of a new Older Workers' Employment Champion, new Jobcentre Plus pilot projects offering tailored provision for older jobseekers in some offices, a Jobcentre Plus initiative to identify and understand particular barriers to employment for carers with the aim of designing specific interventions to support them into work, and the launch of a new Health and Work Service to provide workers with long-term health problems the support they need to stay in or return to work

- **Support for carers**

1. **The Work Programme** now replaces nearly all the previous Government employment support schemes for those out of work and on welfare benefits.

2. **Work Choice** provides a tailored, coherent range of specialist employment services which can respond more flexibly to the individual needs of disabled people and their employers and make better use of resources.

3. **Work Clubs** is a Great Britain wide initiative which aims to support the development of a network of locally led community based support for the unemployed which will grow organically.

4. **Work Together** is a Great Britain Jobcentre Plus initiative that encourages unemployed people to volunteer to improve their skills and employment prospects while they look for work.

5. **Government Employment Programmes** is a 2012 information note from the TUC setting out the main publicly funded employment programmes for people out of work.

- **The National Careers Service**

This new service was launched on 5 April 2012. The service operates in England and replaces Next Step, which provided careers advice from August 2010..

The new service offers telephone, face-to-face and online career information and advice services. It also offers detailed sector by sector job market information by area and a number of tools. It provides information on funding sources and an online directory of all adult learning and training programmes funded by the Skills Funding Agency in each area.

12.2 CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

12.2.2 INTRODUCTION

Traditionally, managers were focused on short to medium term profits and driving the share price up. However, there has been a developing trend that goes away from simply increasing the return for shareholders and instead focuses on increasing the value of the business in terms of the stakeholders. Stakeholders are the people who are affected by the actions and performance of the business, and include both internal and external parties. Business stakeholders include people such as consumers, shareholders, associates, employees and business owners. Businesses that are socially responsible aim to make decisions that are in the best interests of their various stakeholders.

Corporate social responsibility is a key issue for any organisation aiming for long term sustainability. Whilst it is a mostly voluntary concept, there is increasing pressure on organisations to make a positive contribution to society, or at the least, reduce their negative impact. Internationally, governments are also moving towards the enforcement of certain elements of corporate social responsibility, particularly in regards to the protection of the environment. In fact when we look in the history, we will find that India has a very old tradition of CSR yet there is need to make the Indian entrepreneurs aware of CSR as an important segment of their business activity. If this has been done then the CSR approach of corporate will be in line with their attitudes mainstream business. The companies may set clear objectives, undertaking potential investments, measuring and reporting performance publicity.

Responsible businesses may not necessarily be able to measure the positive impact their behaviour has on their performance, however, irresponsible businesses are likely to notice the negative impact their decisions have on their bottom line. Business sustainability now and in the future depends on organisations taking into account the social and environmental consequences of their decisions and actions.

12.2.3 MEANING AND DEFINITION

What is generally understood by CSR is that the business has a responsibility – towards its stakeholders and society at large – that extends beyond its legal and enforceable obligations.
The triple bottom line approach to CSR emphasizes a company's commitment to operating in an economically, socially and environmentally sustainable manner. The emerging concept of CSR advocates moving away from a 'shareholder alone' focus to a 'multi-stakeholder' focus. This would include investors, employees, business partners, customers, regulators, supply chain, local communities, the environment and society at large.

Definition:

Lord Holme & Richard Watts defines Corporate Social Responsibility as "It is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large".

"CSR is a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment."

Corporate Social Responsibility (CSR) is a voluntary activity undertaken by a business unit. It is the activity where business are managed to bring about the overall impact (positive) on the communities, societies cultures and the environmental factors in which business operates. It is company's commitment in which business operates. It is company's commitment to the values and benefits of society as well as stokes holders.

Corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to company efforts that go beyond what may be required by regulators or environmental protection groups.

Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

Corporate social responsibility is the term used to describe the way that a business takes into account the financial, environmental and social impacts of decisions and actions it is involved in. It is an increasingly important issue in business, as managers, consumers, investors and employees have begun to understand how economic growth is linked to social and environmental well-being.

12.3 SCOPE OF CSR

Scope of CSR means where we can implement this concept and works it for the betterment of that area. In fact responsibility is an obligation so business uses to shoulders its **obligation** in the following areas.

1. Economics Responsibility:

It is related to financial or monetary aspect of the stake holders. So business needs to satisfy their expectation by offering certain advantages in terms of money, or economic gain. Generally following members or stakeholders do expect their benefit in the following way.

a) **Customer: -** Here customers do expect that they should get product or goods and services at the fair and reasonable prices.

b) **Shareholders** are vested with good rate of return and their wealth maximization.

c) **Employees** are expecting good salaries / wages. They also do expect some incentives.

d) **The government** expects that business as a part of social responsibility should pay taxes and dues to the government on time so that, these fund will be used for developmental work.

e) Last but not last stockholders like suppliers, dealers and investors are also having expects of their on time payment and other needs so it is business responsibility to met it property.

In this way business unit by giving appropriate responses to every stakeholder use to shoulder its corporate social responsibility.

2. Legal Responsibility:-

Legal responsibility of business refers to legal compliance. As we know business unit has different activities, and each activity is govern by specific act or law. So when business applicable rule, regulations and law should be strictly followed. If any **amendment** is there, it would be considered and implemented for e.g. as per Company Act whose net profit is more than Rs 5000 crore, or net worth of Rs 500 crore or revenue is more than 1000 crore should spent 2% of its net profit towards corporate social responsibility.

3. Ethical Responsibility.

Ethics means find out the good. Fair and piousness of the activity means ethics. In other words while doing work sometimes business units by going beyond the rule and regulations or laws, should of have to do something good for society, for its betterment and development. Here society expects the company's pro-activeness for its goodness.

4. Environmental Responsibility:

Environment is atmosphere the existence of different components of the air, which are helpful to all including that the business units. As per this obligation it is expected that the business units should not dilute the air, by giving up certain harmful gasses into the air. This may lead to create health problems of living beings as well as non living beings may also affects. For the sake of protection of environment businesses should undertaker corrective measures like do not use pollution creative material, Refuse it. It is necessary then used it in very low quantity or uses the same material for creating low pollution, if possible etc.

5. Law and order Responsibility:

Here business unit should support to Government to maintain law and order. The business should not promote anti-social elements, it should not give donations or certain fund to such groups so that they do not indulge in anti-social activity.

6. Up-liftment of weaker sections:

In fact, it is discretionary responsibility of the business firms. But they should have to come forward and gave certain upliftment to weaker section by providing reservation for some posts, giving helping hands to physically challenged persons like blind, deaf and dumb etc.

7. Philanthropic responsibility:

It is also discretionary responsibility of the companies; however the Company Act 2013 has made CSR compulsory to some companies, based on its earnings or capital invested. Philanthropy means folk welfare. The society does expect that the business should come forward and contribute to some noble cause like education, health care, cultural and sport development etc. Some of the Indian business fulfills this responsibility by contributing to education, health care, earth quake rehabilitation, or any other events which damages the common life.

The emerging concept of CSR goes beyond charity and requires the company to act beyond its legal obligations and to integrate social, environmental and ethical concerns into company's business process.

12.4 ADVANTAGES OF CSR

Corporate social responsibility is an activity which benefits to the business firm as well as society. Following are some of the advantages:

1. Good public relations:-

Good public relations mean having fair and cordial relations with people. Every company tries to develop and maintain good relations with people so that they have positive feeling towards business. This kind of relation will be established with the help of CSR. Corporate social responsibilities will be exposed off by the Medias and the Medias exposure spreads the companies good work undertaken under social responsibility and gives positive impact on people's mind as they have done something good for people. This leads to create and establish good public relation. For example during 2001 to 2013, Azim Premji, the Wipro company's owner donated Rs. 26,000 crore for education. This has created a different impact on peoples mind.

2. Motivation to employees:

The companies, which are socially responsible, use to undertake different activities as social responsibility are liked by workers. Most of the employees feel proud and satisfaction to work such company. They develops positive attitude towards organization. Their satisfaction leads towards higher productivity, improved performances and ultimately increased profit. So here we can conclude that CSR works as motivation to employees.

3. Customer satisfaction:

Customer's satisfaction means customer's happiness and delightness. It is consumers' positive attitude towards company. By the research it is found that CSR improves consumers' attitude toward company.

4. Costs Reduction :

The CSR initiatives may helps to reduce costs. For the sake of customers' satisfaction company starts developing green products, water harvesting etc. company use to use Refuse, Recycling, etc where cost cutting will be done.

5. Product differentiation:

Due to social responsibility business units have started manufacturing eco friendly products. In market, these products are more demand. Though the products are charged high price then to consumers use to purchase these product so because of environmental friendly. These product are differentiated that of the conventional products.

6. Business expansion:

Corporate social responsibility Facilitates growth and expansion of business. The introduction of CSR follows business ethics. This ethics develops confidence trust among consumers' employees, investors and stakeholders, where business units gets greater support from all these elements, it helps to grow business.

7. Triple bottom line.

Triple bottom line means consideration of their major elements of business for manufacturing and selling i.e. people, planet, and profit. CSR enable business to achieve triple bottom line. How it will be is explained as under.

i) People:- people means all those who are related to business. It includes customers, employees and society in general. All these people do deserve that they should get fair and beneficial practices from business. And this will be given through Corporate Social Responsibility.

ii) Planet:- here planet refers to sustainable environmental practices. Here it is expected that the business unit should not create harmful products. It should not damage environment by giving up toxic gases or chemicals in to air and dilute pollution. The company should care for conservation of natural resources and recycling of wastages. So all these activity can be undertaken by company through CSR.

iii) Profit: - profit means income over expenditure. Here company, as it has good response in market use to able more products in the market and are able to earn more profit. The profit is very essential to any business for its survival and prospers.

Developing your understanding of corporate social responsibility and implementing it into your business now may help you to get a step ahead of your competitors. You can use it to gain a competitive edge and it provides you with the opportunity to provide benefits to a wider range of business stakeholders.

12.5 KEY COMPONENTS OF CSR

The key components of CSR would therefore include the following:

4. **Corporate Governance:** Within the ambit of corporate governance, major issues are the accountability, transparency and conduct in conformity with the laws. Good corporate governance policy would enable the company to realize its

corporate objectives, protect shareholder rights, meet legal requirements and create transparency for all stakeholders.

5. **Business Ethics:** Relates to value-based and ethical business practices. 'Business ethics defines how a company integrates core values – such as honesty, trust, respect, and fairness – into its policies, practices, and decision making. Business ethics also involves a company's compliance with legal standards and adherence to internal rules and regulations.'

6. **Workplace and labour relations:** Human resources are most important and critical to a company. Good CSR practices relating to workplace and labour relations can help in improving the workplace in terms of health and safety, employee relations as well as result in a healthy balance between work and non-work aspects of employees' life. It can also make it easier to recruit employees and make them stay longer, thereby reducing the costs and disruption of recruitment and retraining.

7. **Affirmative action/good practices:** Equal opportunity employer, diversity of workforce that includes people with disability, people from the local community etc., gender policy, code of conduct/guidelines on prevention of sexual harassment at workplace, prevention of HIV/AIDS at workplace, employee volunteering etc. are some of the good practices which reflect CSR practices of the company.

8. **Supply Chain:** The business process of the company is not just limited to the operations internal to the company but to the entire supply chain involved in goods and services. If anyone from the supply chain neglects social, environmental, human rights or other aspects, it may reflect badly on the company and may ultimately affect business heavily. Thus, company should use its strategic position to influence the entire supply chain to positively impact the stakeholders.

9. **Customers:** The products and services of a company are ultimately aimed at the customers. The cost and quality of products may be of greatest concern to the customers but these are not the only aspects that the customers are concerned with. With increased awareness and means of communication,

customer satisfaction and loyalty would depend on how the company has produced the goods and services, considering the social, environmental, supply-chain and other such aspects.

10. **Environment:** Merely meeting legal requirements in itself does not comprise CSR but it requires company to engage in such a way that goes beyond mandatory requirements and delivers environmental benefits. It would include, but not limited to, finding sustainable solutions for natural resources, reducing adverse impacts on environment, reducing environment-risky pollutants.

11. **Community:** A major stakeholder to the business is the community in which the company operates. The involvement of a company with the community would depend upon its direct interaction with the community and assessment of issues/risks faced by those living in the company surrounding areas. This helps in delivering a community-focused CSR strategy – making positive changes to the lives of the people and improving the brand-image of the company. Involvement with the community could be both direct & indirect – through funding and other support for community projects implemented by local agencies.

12.6 CORPORATE RESTRUCTURING

12.6.1 INTRODUCTION

Restructuring a corporate entity is often a necessity when the company has grown to the point that the original structure can no longer efficiently manage the output and general interests of the company. For example, a corporate restructuring may call for spinning off some departments into subsidiaries as a means of creating a more effective management model as well as taking advantage of tax breaks that would allow the corporation to divert more revenue to the production process. In this scenario, the restructuring is seen as a positive sign of growth of the company and is often welcome by those who wish to see the corporation gain a larger market share.

12.6.2 MEANING:

Corporate restructuring is the process of redesigning one or more aspects of a company. The process of reorganizing a company may be implemented due to a number of different factors, such as positioning the company to be more competitive, survive a currently adverse economic climate, or poise the corporation to move in an entirely new direction.

12.6.3 STRATGIES OF CORPORATE RESTRUCTURING

International Mergers and Acquisition (IM&A) assists clients experiencing liquidity or operating challenges in creating liquidity, providing financial stability for operations and restoring confidence in the company. These services are focusing on the following strategies.

Examine what options are there for certain company groups to optimize their activities.

The current economic climate is forcing companies to increasingly focus on efficiency measures to optimize financial performance, and both conserve and raise cash. Frequently these measures involve restructuring, which includes appropriate analysis, followed by operations realignment, plant closings, mothballing, or divestiture of assets and business units.

Structure company portfolio:

IM&A helps clients to structure and implement their portfolio strategy on the basis of the strategic asset allocation. The process includes Asset allocation, structuring asset allocation models, selecting an appropriate asset mix and investment policy as per requirement.

Implement conversions before and after Acquisition:

Businesses can benefit from a variety of tax allowances and reliefs which could cut their tax bill. They include capital allowances for investment in equipment and premises, tax relief and credits for spending on research and development and stamp duty relief on residential properties in disadvantaged areas. It is up to IM&A to discover and present what options are available for you and make suggestions as well.

Restructure product and portfolio structure if needed:

The current economic climate generates continual change of place and direction between certain limits from all contributors of the market and it requires special sense, knowledge and information to know when to make the necessary structural changes and turn of directions to preserve your status. IM&A helps to analyze your opportunities on these fields too. Diversification and concentration alike.

Optimize Financial and Business Processes:

IM&A offers more than a decade of experience providing financial and business analysis consulting services to our federal and commercial clients. From enterprise-wide budget automation solutions to strategic planning and sophisticated project management, we systematically enhance and optimize complex financial and budgeting processes to improve accuracy, reduce manual errors, and better align and report performance measures against planned goals and objectives.

• IM&A helps to reveal loss, deficit and unfold where the unnecessary parallelisms are in a certain business operation, and gives a hand to handle the issue by making the required changes and canceling out the spare aspects.

• Budget rationalization: reduce costs and improve service with a systematic approach. IM&A provides the basis for rationalizing budget requests by enabling assessment of the value of alternative mixes of operational, workforce, knowledge management, and capital investment activities.

• Productivity by Systemic Rationalization. Revealing unnecessary parallels, overloaded departments and organizational obscurities

• Human Resource Effectiveness is the key to producing the optimum performance out of a venture. Instead of adding more resources (like labor, machines etc.), the concept emphasizes on better utilization of already employed resources. Various motivation systems are implemented to increase effectiveness even more

• Define strategies for market extension and expansion. IM&A assesses current markets, identifies untapped markets, and seeks opportunities for revenue growth through new market opportunities. The market expansion step will result in estimates for delivering new capabilities to current markets, and potential new markets for existing products. These estimates include alternative industries and geographic areas. Through an extensive market research examination, an equally careful strategy should be set up for strengthening intense existence on market

• Price Development, tactical and strategic price defining. Pricing/cost experts ensure your price to be competitive and profitable. To determine the winning price we start analyzing your overall cost structure and the structure related to the specific bid, conducting competitive analyses, developing pricing strategies

• Strengthening financial control and implementing balanced scorecard - a fundamental tool to keep ITR focused; it consists of a methodology that turns the strategy of the organization into operative terms, this enables the process to emerge.

• Suggestions for image improvement and growing reputation (develop your logo to exemplify your business, design your points of customer contact to be consistent with your brand, attend industry trade shows & local events to promote your business, create a marketing plan to build & maintain your business's image, utilize internet marketing in addition to traditional media to promote your business, promote your biz with press releases that tie to your overall online marketing campaign, develop a database of your current customers' information to cultivate for future sales, connect with other non-competing related businesses and begin a referral network)

12.7 DOWNSIZING

The word 'downsizing' was coined by Stephen Roach of International Bank, by Morgan Stanley, USA. Downsizing was used as a strategy to reduce the size of a business to make it more profitable.

The term downsizing was used in mega organizations in the USA with a view to reduce the excess of man power and to reduce high labour cost.

Downsizing has been practised by corporate organizations for maintaining a sizeable number of regular employees. It is an extreme step taken by employers for wholesale reduction in the number of regular staff. Its key objective is to improve financial performance and organizational efficiency. The practice was popular during the recessionary period of early 1990s. However, the practice continues even today in large organizations, both PSUs and private organizations.

The glaring success in the UK and the US organizations in reduction of manufacturing costs, production cost the importance it had as a component in the total value added. The main concern for cost reduction, therefore, was highlighted outside the factory in all other areas, termed as overhead costs, e.g. R&D, selling, distribution, finance and personnel and marketing. As such, ruthless forms of business process re-engineering, delaying and downsizing came into practice resulting in perceptible high productivity.

In American industry, during June 1995 alone, a one half of the major corporations cut down jobs, which on an average, constituted 8 per cent of the organizational workforce. Downsizing, as such, implied corporate strategy for terminating the jobs of a huge number of staff on regular employment and also taking contingent workers from subcontractors or foreign workers. This practice is very much in use in US corporation in the aftermath of the terrorists' attack in New York on 11th September, 2001, although, the focus in discharging the excess regular employees has shifted from American staff to foreigners.

The advocates of downsizing claim that downsizing helps meet an organization's commitment to its shareholders who own the business/company. However, critics of downsizing feel it to be an unpalatable face of capitalism, since it was being practised in various forms, for example, plant closure, layoffs of workers, etc. These practices, no doubt, apparently helped increase plant productivity and positively impacted the bottom line of the corporates but these are all short-term gains. And, they do not take into consideration the effect of the strategy on people. As such, the approach is one-sided and only serves the purpose of the capitalist. This is made clearer from the gains achieved in the US companies, mentioned below.

Downsizing was actively implemented in 1995 in the USA, in reputable companies like Mobil Oil Company. It cut down the company's workforce through layoff by 9.2 per cent and gained market value to the extent of 4 per cent. The company resorted to downsizing in spite of the commendable high profits (19 per cent higher than the previous year) and 9 per cent higher divided payouts (19 per cent), and, the company chose to continue cost cutting initiatives for higher growth and opportunities. These are also other instances in the USA where corporations reduced the number of jobs. USA eliminated more than 15.2 million while collar workers during 1989-99 and thereafter, some 3.6 million of the redundant staff got employment with 30 per cent less emoluments.

The organizations no doubt, made record profit of 13 per cent in 1993 and 10 per cent in 1994.

Downsizing has also been practised by employers in India as the most convention tool for reducing manpower strength. Notable illustrative examples have been Standard Chartered Bank, State Bank of India and others. VRS also has been resorted to by many organizations.

Nature of Downsizing : Downsizing as a strategy may be practised for long or a short period. In the short-term strategy, it reduces manpower strength quickly. It is a costly activity. However, the organization may devise a Voluntary Retirement Scheme (VRS) and pay high attractive incentives to the staff offering early retirement.

A long-term downsizing may be resorted due to : (a) induction of faster and new technologies/new work methods, (b) inadequacy of large number of staff in higher age groups to cope with the new technologies, due to lack of skill/knowledge, or (c) general resistance to the change which may have been envisaged. Even, retraining of such staff is not possible and change in the mindset is an absolute necessity.

However, in most of the cases of the ageing population redundancy is the only appropriate answer. In such cases, even outplacement of the potential staff, not needed in the organization, may be a costly affair. However, retraining of those who are willing to be retrained, and are found retrainable can be redeployed. But, for this to happen, a well planned and systematic action plan is called for, to overcome the situation.

Strategy for Implementation of Downsizing : Following strategy is used for effective implementation of downsizing :

1. Advance Preparation : Advance preparation to involve people through open communication to thwart grapevine rumors.

2. Staff Feedback : Encourage staff feedback and impress the ultimate need for downsizing with no alternative in management hands.

3. Training : Train the managers for implementation of downsizing. This is a painful experience for the managers as they have to take a decision for termination of their own staff who gave them their best.

4. Stages in Implementation : It is necessary to plan downsizing in phases.

Downsizing may lead to lower overheads, faster decision-making, lesser bureaucracy, improved communication and entrepreneurial, executive behaviour. But, the disastrous effects of downsizing cannot be neglected.

12.8 SUMMERY

Wok-life balance is a concept that supports the efforts of employees to split their time and energy between work and the other important aspects of their lives. Employees want to balance work with the rest of the activities they wish to pursue in life. Work-life balance is a daily effort to make time for family, friends, community participation, spirituality, personal growth, self care, and other personal activities, in addition to the demands of the workplace. In nutshell Work-Life Balance means the maintenance of a balance between responsibilities at work and at home. Work balance is especially important with which the employee may become flustered of stressed. Employers are not responsible for providing work balance for their employees, but they can assist the employees to seek and maintain their own work balance. Optimistically, the decisions, policies, values, and expectations in your workplace support employees in their work-life balance choices. Employers can assist employees to experience work-life balance by offering such opportunities as flexible work schedules, paid time off (PTO) policies, responsible time and communication expectations, and company-sponsored family events and activities.

Business cannot live in its isolation. It means it needs support from all walks of the society. Because without societies or its elements, it cannot, establish, survive or run. So as it takes support from society, in the same way it is its responsibility to give something to society, for its development. This has been realised by certain business units. Even before and after industrialization and according as per the requirement they do something for the good of the society. This is known as corporate social responsibility. The basic of corporate social responsibility rest on the fact that not only public policy but even corporate should be responsible enough to address social issues. Therefore companies deal with certain issues and challenges along with the public policy or state.

In today's business climate, downsizing and plant closure have become common and important strategic management activities to increase competitiveness and eliminate redundant capacity. We should view downsizing as a natural progression in the development of today's organisations, not an exceptional or unusual activity. However, from my experience of working with organisations that have restructured, many do not handle this process well and can suffer serious long term damage as a result. With colleagues, I have developed a five stage model which can act as a road map for planning downsizing and reviewing its implementation.

12.9 QUESTIONS

1. "Achievement and enjoyment are the two key concepts related to Work-life Balance". Discuss.
2. "Corporate social responsibility is a key issue for any organisation aiming for long term sustainability". Discuss.
3. Define Corporate Social Responsibility. Explain the scope of CSR.
4. What is Corporate restructuring? Elaborate the strategies of Corporate Restructuring.
5. Write note on:
   a. Flexible work options
   b. Support programmes
   c. Downsizing
   d. Optimize Financial and Business Processes.
   e. Key components of CSR
   f. Advantages of CSR

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13

RECENT TRENDS IN HUMAN REOURCES MANAGEMENT II

Unit Structure :

13.0 OBJECTIVES

After studying the unit the students will be able to:

- Define the term BPO.
- Realize the types of BPO
- Explain the need and importance of BPO
- Elaborate the challenges to the BPO industries.
- Define the concept KPO.
- Explain the need and importance of KPO.
- Understand the need of Employee incentive schemes.
- Explain the innovative incentive schemes.

13.1 BUSINESS PROCESS OUTSOURCING

13.1.1 INTRODUCTION

Outsourcing of human resource activities is an innovative strategy in Indian industry, just like in other advanced countries. It can be a tool for companies, particularly, small ones for competing against the big players. These are specialist HR service providing agencies with expertise to provide professional assistance in matters of employee benefits administration, recruitment and training, legal matters, etc.

Business process outsourcing is all about hiring the other businesses to deliver the work to you, so that you can concentrate on the core activities of your business. The core activities have been more important for establishing a particular business in the field. After all, you are spending so much to set up your business and missing out the core activities can cast a bad spell on the growth of your business. It is for this reason that big business house keep on outsourcing their non-core work, so that proper time should be given to the profit generating aspects of the business.

There are various things that have to be tackled in a particular business. If you are running a business house and are getting worried about the increasing load of the work, then outsourcing is the best option for you. Usually, the concept of business process outsourcing has earned a wide acclaim. This service providing division is slowly and slowly entering every business house and is creating a special place for itself. The professionals with outsourcing companies are skilled enough to manage the tasks properly and complete the work on time.

13.1.2 MEANING OF BPO

BPO stands for "business process outsourcing," which is simply another term for outsourcing. This is when a company contracts an outside provider for services or business processes. This might include manufacturing or back-office functions such as accounting and human resources. But BPO might also includes front-end services such as customer care and technical support.

Business Process Outsourcing (BPO) is a contract whereby a firm (outsourcer) transfers its processes along with the associated operational activities and responsibilities to a third party (BPO operator), so that the third party BPO operator provides the required services to firms customers, for an agreed consideration. BOP services are included in retail banking, insurance, travel and hospitality, automobiles, telecom, pharma, finance, accounting and Human Resource.

In this way in BPO, the company does only the core activities and gives less important work to third parties in exchange for a fee.

- **BPO is divided into two categories**:

1. Back Office Outsourcing: This includes internal business functions such as billing, payroll, HR, or purchasing.

2. Front Office Outsourcing: This includes customer-related services such as marketing, technical support or maintenance.

BPO is a contractual service to completely manage, deliver and operate one or more business processes or functions.

- **Parts or types of BPO**

1. **Offshore outsourcing**: BPO that is contracted outside a company's own country is sometimes called offshore outsourcing.

2. **Near-shore outsourcing**: BPO that is contracted into a company's neighbouring country is sometimes called near-shore outsourcing.

3. **ITES:** BPO is dependent on IT; hence it is also referred as Information Technology Enabled Services or ITES.

4. **KPO:** Knowledge Process Outsourcing (KPO) and legal process outsourcing are some of the parts of BPO.

According to NASSCOM the top five Indian BPO exporters are Genpact, WNS Global Services, Transworks Information Services, IBM Daksh and TCS BPO.

- **Objectives of BPO**

1. Business process outsourcing saves precious management time and allows focus while building upon core competencies

2. Scarce resources can be put to better use.

3. BPO reduces cost of operations. It is cost friendly for the big business houses

4. Organisation can get specialised services.

5. Organisation can strengthen strategic business relations with many organisations.

There are various companies in foreign countries that keep on outsourcing their work such as call centre work, accounting work and many others. The company will not only save on the house rent allowances, bonuses, cash advances and various other add-ons, but will also be able to cut down on the huge salaries that a trained staff would demand.

13.2 NEED OF BPO / ADVANTAGES OF BPO

Following points explains the need or advantage of BPO:

6. **Flexibility :** Outsourcing may provide a firm with increased flexibility in its resource management. Most BPO services are offered for a fee basis. This helps a company becoming more flexible by transforming fixed into variable costs. Outsourcing will allow operations that have seasonal or cyclical demands to bring in additional resources when you need them and release them when you're done. For e.g. the accounting department that is short-handed during tax season and auditing periods. Outsourcing these functions can provide the additional resources for a fixed period of time at a consistent cost.

7. **Core Activities:** A company is able to focus on its core competencies. Focusing on core activities may help a company to create a competitive edge. Employees are relieved from performing non-core or administrative processes and can invest more time in building firm's core businesses. In rapid growth periods, the back-office operations of a company will expand also. This expansion may start to consume resources (human and financial) at the expense of the core activities that have made your company successful. Outsourcing those activities will allow refocusing on those business activities that are important without sacrificing quality or service in the back-office. For e.g. Company lands a large contract that will significantly increase the volume of purchasing in a very short period of time; Outsource purchasing.

8. **Cost And Efficiency Savings:** Back-office functions that are complicated in nature, but the size of your company is

preventing you from performing it at a consistent and reasonable cost, is another advantage of outsourcing. Overhead costs of performing a particular back-office function are extremely high. Consider outsourcing those functions which can be moved easily. For e.g. Growth has resulted in an increased need for office space. The current location is very expensive and there is no room to expand. Outsource some simple operations in order to reduce the need for office space.

9. **Speed of Business Processes:** Using techniques such as linear programming is a way to reduce cycle time and inventory level, which increases the speed of business processes.

10. **Transform Organization:** BPO helps to transform the bureaucratic organisation into a very agile organisation. A company can help to maintaining ambitious growth goals. Thus BPO allow firms to retain their entrepreneurial speed and agility.

11. **Long Term Relationship with Customers :** BPO employees are generally professionally trained in customer relation, their approach and attitude towards the customer can go a long way in building long term relationships.

12. **Operational Control**: Operations whose costs are running out of control must be considered for outsourcing. Departments that may have evolved over time into uncontrolled and poorly managed areas are prime motivators for outsourcing. In addition, an outsourcing company can bring better management skills to your company than what would otherwise be available. For e.g. IT department having too many projects, not having enough people and a budget that far exceeds their contribution to the organization can be replaced with a contracted outsourcing agreement will force management to prioritize their requests and bring control back to that area.

13. **Continuity & Risk Management**: Periods of high employee turnover will add uncertainty and inconsistency to the operations. Outsourcing provides a level of continuity to the company while reducing the risk that a substandard level of operation would bring to the company. For e.g. suppose the HR manager is on an extended medical leave and the two administrative assistants leave for new jobs in a very short period of time. Outsourcing the HR function would reduce the risk and allow the company to keep operating.

14. **Other Benefits:** When done for the right reasons, outsourcing will actually help the company to grow and save money. There are other advantages of outsourcing that go beyond money.

(a) Operational Cost Control
(b) Cost Savings
(c) Improved HR
(d) Productivity Improvements
(e) Access to Expertise
(f) Establish and Develop Minority Suppliers
(g) Gain access to information technology tools without major investment
(h) Increased flexibility to meet changing business conditions

13.3 SERVICES OFFERED BY BPO

Following are the min services offered by the BPO units:

1. Telemarketing Services : Telemarketing outsourcing services target interaction with potential customers. The objective is to generate interest in products and promote sales.

2. Customer Support Services : This services manages customers inquiries through multiple channels of voice, e-mail and chat.

3. Technical Support Services : This services offers round the clock technical support and problem solution to customer of computer hardware, software and internet infrastructure manufacturing companies.

4. Desk Services : This services provides technical problem solution and support for corporate employees.

5. Insurance Processing Services : This service provides specialised solutions to insurance sector.

6. Medical Transcription Services : Medical Transcription accounts for 2% of total Indian Outsourcing Services.

13.4 FUTURE PROSPECTS OF BUSINESS PROCESS OUTSOURCING IN INDIA

Business Process Outsourcing (BPO) is the fastest growing segment within IT services. Global market for outsourcing is growing at the rate of 7%. IT is estimated at around 1.2 trillion dollars in 2007. 73% of executives of US companies said their organisations have outsourced some work. BPO industry is drawing significant attention in India by virtue of its utility as an upcoming business.

It is estimated in 2008 India would have revenues of 11 billion US $ from offshore BPO. India thus has a commanding 63% share of offshore BPO services. other locations like Eastern Europe, Philippines, Morocco, Egypt and South Africa have emerged to take a share of market. China is also trying to grow from a very small base in this industry.

1. BPO industry's current size is about $ 26-29 billion.

2. BPO sector in India employs over seven lakh people and accounts for more than 35% of worldwide market.

3. In last 3 years BPO sector is growing at over 35%.

4. Total export BPO market opportunity is about $ 220-280 billion by 2012. While domestic BPO market provides additional opportunities worth $ 15-20 billion.

5. Technology, telecom, travel and transportation provide opportunity in excess of $ 10 billion by 2012.

6. Nassam has 1200 members, of which 40% are BPOs and over 50% of them are located in southern states.

In comparison to American and European countries, India has vast pool of skilled human resources ready to work at lower wages. India has largest English speaking population after other western countries. This helps BPOs to serve American clients by working at nights and helps in better utilisation of resources. Certainly the future business of BPO looks bright in India.

13.5 CHALLENGES AND THREATS OF BPO

Although BPO has many potential advantages there are a few stumbling blocks, which could counter these advantages. A failure to meet service levels, unclear contractual issues, changing requirements, unforeseen changes etc. The outsourcer may become too dependent on BPO service provider. A major drawback is related to risk involved.

Limitations of outsourcing are as follow:

1. **Loss of Control.**
   Outsourcing organization may be remote from business current location, frequent visits are not possible and communication through reporting is not sufficient to exercise control. Core activities should not be outsourced unless impracticable to do in-house. Any incompetency identified by market can be threatening to the reputation of the business.

2. **Lack of Independence**.

   Business may became dependent on outsourcing organization, because of loss of competency and resources in the business due to employees being redundant or deployed elsewhere and assets are sold which now require more investment to buy a gain. In case of breach, it will be difficult to setup activities immediately. Delays to setup activities again can damage reputation and cash flows.

3. **Employee Morale.**

   Employee may lose their skills overtime and resentment can happen if outsourcing leads to forced redundancy. It can seriously impact productivity because there will be little motivation regarding promotion and growth. In extreme cases it may end up with strikes.

4. **Cost May Exceed Benefits.**

   There may be cost associated with employee redundancy payments, early termination penalties of existing contracts and disposal cost of property, plant and equipments. Benefits determined from outsourcing are future expectations which may not come true. Like savings in step fixed costs of energy and supervisory costs due to reduced activity level.

5. **Reaction of Stakeholders.**
   Stakeholders may react positively or negatively depends how they perceive the impact of outsourcing on their interest in the business. Some stakeholders may become happy while some may become sad. These include shareholders who may sell their shares can affect the share price, financers who may demand repayment of the capital, customer who may take their business elsewhere and supplier who may change their business terms depending upon their perception of business future risk.

6. Legislation.

Legislation may limit dealing in foreign countries to protect its currency value or dealing with rival countries. It may protect some stakeholder rights by enforcing legislation e.g. imposing high import duty to protect home industries or by imposing licensing requirements to business operating in particular industry requiring some activities or standards which are pre-requisite to get a license.

Thus to achieve any benefits, risks and threats to outsourcing must be managed.

13.6 CAREER OPTIONS IN BPO

It is expected that BPO sector will have to face man power shortage of 39 to 49% by the year 2009. Large population of educated English speaking people and low cost are encouraging more and more companies from abroad to outsource their call centres to India. Call centres jobs require a high school diploma or even a college degree.

1. Call Centre Operators : This is entry level in call centres. Here general duties are answering telephone calls, taking down details of caller's query and logging information on a computer, giving advice, in some cases, selling caller products etc.

In outbound call centre services such as tele-marketing, an operator also needs to identify potential customers and make outgoing calls, marketing products, follow-up calls, sending fax, e-mail etc. Duties of a call centre operator depend on the type of product/service of that organisation.

2. Centre Manager : He manages day-to-day operations of call centre. It includes financial budgets, operations, communicating, coaching and development of call centre. He has to set operational goals and objectives, monitor and improve performance, have interactions with people outside the call centre, manage all call centre support functions including training, hiring, IT support and process improvement.

3. Quality Monitor Agent : They see that all call centre procedures are followed properly and give performance feedback about call handling to coaches, training group and hiring manager.

4. Process Specialist : He uses quality improvement techniques to create environment of continuous quality improvement. A call centre experience is useful for jobs in customer relation, sales jobs or insurance sector.

13.7 CONCEPT OF KNOWLEDGE PROCESS OUTSOURCING

13.7.1 INTRODUCTION AND MEANING

The success of BPO has encouraged many firms to start outsourcing their high-end knowledge work as well. India has a large pool of knowledge workers in various sectors ranging from Pharmacy, Medicine, Law, Biotechnology, Education and Training, Engineering, Design and Animation, Research and Development etc. This talent is soon being discovered and tapped by leading businesses across the globe. Hence Knowledge Process Outsourcing involves off-shoring of knowledge intensive business processes that require specialised domain expertise.

Knowledge Process Outsourcing (KPO) is a contract between a company (outsourcer) and a third party (KPO Operator). In this contract the company transfers (gives) some of its knowledge or information related to work to the KPO operator in exchange of fees. So KPO is like BPO. But KPO does high end jobs and BPO does low end jobs. KPO is mostly used by Pharmaceuticals, Biotechnology, Financial Services, Technology Research and other companies who deal with knowledge and information.

KPO is a form of outsourcing in which knowledge- and information-related work is carried out by workers in a different company or by a subsidiary of the same organization. This subsidiary may be in the same country or in an offshore location to save costs or other resources. Companies resort to knowledge process outsourcing when they have a shortage of skilled professionals and have the opportunity to hire skilled workers earning lower wages in another location for a lower overall cost.

It is being claimed that KPO is one step extension of BPO because BPO Industry is shaping into Knowledge Process Outsourcing because of its favorable advantageous and future scope. But, let us not treat it only a 'B' replaced by a 'K'. In fact, Knowledge process can be defined as high added value processes chain where the achievement of objectives is highly dependent on the skills, domain knowledge and experience of the people carrying out the activity. And when this activity gets outsourced a new business activity emerges, which is generally known as Knowledge Process Outsourcing.

Knowledge Processing Outsourcing (popularly known as a KPO), calls for the application of specialized domain pertinent knowledge of a high level. The KPO typically involves a component of Business Processing Outsourcing (BPO), Research Process Outsourcing (RPO) and Analysis Proves Outsourcing (APO). KPO business entities provide typical domain-based processes, advanced analytical skills and business expertise, rather than just process expertise. KPO Industry is handling more amount of high skilled work other than the BPO Industry. While KPO derives its strength from the depth of knowledge, experience and judgment factor; BPO in contrast is more about size, volume and efficiency.

In fact, it is the evolution and maturity of the Indian BPO sector that has given rise to yet another wave in the global outsourcing scenario: KPO or Knowledge Process Outsourcing. The success achieved by many overseas companies in outsourcing business process operations to India has encouraged many of the said companies to start outsourcing their high-end knowledge work as well. Cost savings, operational efficiencies, availability of and access to a highly skilled and talented workforce and improved quality are all underlying expectations in outsourcing high-end processes to India

13.7.2 FORMS OF KPO

1. Legal Process Outsourcing (LPO) : LPO does a wide range of legal work such as legal research, pre-litigation documentation, advising clients, writing software licensing agreements etc. Thousands of lawyer’s jobs will move from USA to countries like India in near future.

2. Human Resource Outsourcing (HRO) : Human Resource includes payroll management, training, staffing, travel, retirement benefits, risk management, compensation consulting etc. By outsourcing these activities, the outsourcer can concentrate on important matters.

3. Research Process Outsourcing (RPO) : RPO is popular in biotech industry. Biotech industry is a very high profit-making industry.

4. Medical Business Process Outsourcing (MBPO) : India is becoming a main centre for medical treatment for westerners and middle-east travelers. The chain of Apollo Hospitals is the first major hospital to be get MBPO work.

13.7.3 BENEFITS OF KPO

1. Better quality of work.
2. Increase in Profits.
3. Uninterrupted Services.
4. Savings in cost and time.
5. Trained Professionals at Work
6. Pool of In-house Experts.
7. Standard Operational Efficiency.
8. On-time delivery of Services.
9. Recruitment of Larger Workforce without increasing costs.
10. Flexibility in accommodating client's orders.

13.7.4 IMPORTANCE OF KPO

1. Innovation and differentiation will be key factors in identifying KPO companies and attracting business.
2. KPO companies are professional services companies. Successful KPOs have world-class people development as its foundation.
3. KPOs have to recruit talented persons as the nature of work is different. The selection of right person is half battle won.
4. The objective of every KPO company is to deliver world-class quality of work to the satisfaction of clients so that repeat orders are produced.
5. KPO needs specialisation. Persons with specialised education are always given preference in employment.

13.8 FUTURE PROSPECTS OF KPO IN INDIA

13.8.1 FUTURE OF KPO

The future of KPO has a high potential as it is not restricted to only Information Technology (IT) or Information Technology Enabled Services (ITES) sectors and includes other sectors like Legal Processes, Intellectual Property and Patent related services, Engineering Services, Web Development application, CAD/CAM

Applications, Business Research and Analytics, Legal Research, Clinical Research, Publishing, Market Research (Market research KPO) etc.

In today's competitive environment, focus is to concentrate on core specialization and core-competency areas and outsource the rest of the activities. Many companies and organizations have come to realize that by outsourcing non core activities, not only cost are minimized and efficiencies improved but the total business improves because the focus shifts to the key growth areas of the business activity.

India has become a preferred choice of outsourcing countries-Citigroup, GE Capital and American Express have established their KPO companies in India. With huge talent pool, India could emerge as a global KPO hub. India enjoys cost advantage. More and more companies are turning to India for off shoring KPO work as quality work gets done at cheaper rates.

Parma giants Astra-Zeneca and Glaxo-Smithkline have set u drug discovery centres at a low-cost destinations. Motorola, Philips, Nokia, Intel, IBM and Cisco have established offshore design centres in India. The future of KPO business in India presents an encouraging picture to rejoice.

1. According to a report, the Global Knowledge Process Outsourcing Industry is expected to reach US $ 17 billion by 2010. From this US $ 12 billion with be outsourced to India.

2. Indian KPO sector is expected to employ more than 2,50,000 KPO professionals by 2010, compared to current figure of 25,000 employees.

3. India will continue to remain as the top KPO destination.

4. Companies that are outsourcing to KPO’s are trying to balance their risks.

5. Large KPO providers are expected to move to multi-location delivery centers.

6. India will capture more than 70% of KPO outsourcing sector by 2010.

7. KPO will have a compounded growth rate of 46% per year till 2010, whereas BPO would grow only by 26% till 2010.

13.8.2 CHALLENGES TO KPO

1. High Staff Turnover.

2. High cost of Training.

3. Ensuring the security and confidentiality of information, especially when privacy laws change from country to country.

13.8.3 REASONS FOR GROWTH OF KPO'S

1. KPOs are growing rapidly in India as India has large pool of knowledge workers in various sectors.

2. Indian education system gives great importance to higher education and specialisation.

3. The Indian Government has set up IITS (Indian Institute of Technology) and IIMs (Indian Institute of Management) across the country.

4. India has more than 250 universities and engineering colleges.

5. In all good educational institutions, medium of education is English, this has resulted in large population of educated and qualified professionals.

13.9 CAREER OPTIONS IN KPO

KPO provides companies an opportunity to tap into specialised knowledge in various vertical business domains. KPO sector offers a good working atmosphere with global exposure and an opportunity to develop skill sets in a specialised field. Many are unaware of potential of this sector and scope of future prospects. This sector also requires higher level of control, confidentiality and enhanced risk management. A recent report indicates that outsourcing of legal processes alone benefits about 700 Indian law firms working in high-end areas.

1. Legal Services : Writing legal documents does not require costly professionals as the same can be done by a KPO firm in India. Now KPO's do patents, drafting, legal research, writing software etc.

2. Accounting Services : All accounting work from book keeping to auditing is done by KPO firms. They provide trained professionals who offer cheaper services with standard quality.

3. Journalism and Content Development : This sector has recently grown with the rise of content development firms. English speaking trained writers from a KPO firm are good candidates to help newspapers and journals with their editing and copy writing work.

4. Architectural and Engineering Services : A large pool of trained draftsmen can provide expert CAD/CAM services to clients.

5. Financial Analytics and Equity Research : Analytical, Conceptual and interdisciplinary thinking, Accountancy and financial analysis, Fundamentals of finance, experienced in interpreting research reports.

6. Other Key KPO Areas : KPOs provide opportunities to graduates in engineering, management, law, statistics, economics, accounts and biological sciences to name a few, apart from opening its doors to Arts, Science and Commerce graduates.

The essential skills for a successful career in KPO are a good mix of communication skills, analytical abilities and domain knowledge. Candidates can expect a starting salary of Rs. 15,000 to Rs. 30,000 in BPO's or KPO's. Promotions are performance-based. They can also become CEO of BPO or KPO centre. Jobs of BPO and KPO are full of stress, so the candidate must have the ability to handle pressure. He must be cool and must perform well in all situations.

13.10 HRM ISSUES RELATING TO BPO/KPO

The HR issues that arise in BPO industry are as follows:

The burgeoning BPO industry has given rise to crucial questions and doubts regarding the human resources employed with them. Moreover, the nature and timing of work in these outsourcing units have given rise to certain issues which are of extreme interest to the HR specialists. In context of this ever increasing debate, an attempt has been made to highlight the core HR issues that arise in BPO.

1. Stress : Mental Health of Stake

Stress is a dynamic condition in which the individual is confronted with an opportunity, con-strain or demand, related to what he/she desires and for which the outcome is perceived to be both uncertain and important. It is beyond doubt that most of the employees in this industry report on stress for their jobs. The monotonous and repetitive nature of job makes stress a persistent factor in the work setting of BPO employees.

This issue is of extreme importance as it is the stress that adds up to various human as well as work related problems in organizations. There is emerging evidence that in some situations an organization can be held legally liable for the emotional and physical impact of stress on employees. Thus, stress management of employees is one of the core challenges confronting HR managers.

2. Attrition : The Harsh Reality

Attrition or turnover refers to the voluntary or involuntary permanent withdrawal from the organization. A BPO survey by Indo-American Chamber of Commerce and Ernst and Young quoted that attrition rate ranges between 40% and 25% between for voice and non-voice survey respectively, clearly indicating the gravity of the problem.

This high rate of turnover can be attributed to factors such as repetitive nature of work, frustration, lack of control and autonomy, limited career growth, night shifts or better scope in other industries. High turnover rate results in high recruitment, selection and training costs besides inconsistency in job performance and organizational output. Clearly, the statistics point out that the major problem plaguing Indian BPO industry and obstructing its smooth transition into the next phase is high attrition. Though the problem has been hovering for some time now, the steps taken to manage attrition are yet not yielding appropriate results because of the mismatch between the aspirations of the employees and the very nature of a BPO job. How to bring down this alarming trend by developing innovative strategies is a burning issue for the HR department of BPO’s.

3. Health Issues: Imperative Side Effects of BPO Jobs

The inherent nature of the outsourcing jobs is such that the physical well-being of employee is at constant risk. Most of the BPOs function in different time-zones that are convenient for the outsourcing companies, thus making the working hours odd for the employees.

The major health problems are:

1. Sleeping disorder: Most common ailment as the BPO job disrupts the normal biological cycle.

2. Digestive system disorder: Sleeplessness and eating food supplied by external caterers.
3. Depression: Due to burnout and mental fatiguing.
4. Eyesight Problem: Continuous sitting in front of computer monitors.

Thus, health deterioration is a common symptom seen in BPO employees. An unhealthy employee becomes more a liability than resource to the organization and with majority of workforce in BPO's being youngsters; an unhealthy route becomes more of a challenging problem. So, this emerging issue of catering to the physical well being of employees is catching as a major HR concern in a BPO. Yoga, meditation, training, recreational activities and other such initiatives being taken are an outcome of this issue being raised.

4. Absenteeism: Failure to Report to Work

It is defined as inability to turn up on the job or being consistently irregular for work. It can be because of many problems in organizations and at times be a result of various other problems in the organization. This again is an area of concern as absenteeism leads to loss of productivity, reduced efficiency and effectiveness in organizations and over burdens other employees. The workflow is disrupted and in the BPO's the work pressure is already so high that absenteeism directly disrupts day-to-day functioning. However, not as grave as the above issues, absenteeism too is an emerging challenge for HR managers since if not dealt properly in the initial stages can lead to serious consequences both for the employee as for well as the organization.

5. Targets: The Exploitative Number Game

The employees in BPO are set with various targets which have to be achieved in limited time. These targets could be attending particular number of calls within stipulated time, achieving sales, redressing target number of calls which may at times determine the performance of the employees. Extreme target orientation in jobs on day-to-day basis leads to frustration and continuous stress on the employee which leads to reduced level of interest and compromise in the quality of performance. Under the situations, where wrap up time is being monitored, and at the same time the customers need to be kept satisfied, the employees may undergo extreme pressures to achieve these two opposing target simultaneously.

Thus, targets simply intensify the stress produced by the quantity / quality debate. A moderate target setting is a pre-requisite for optimum performance by employees but a rigid target can adversely affect the output of the employee. For HR Managers in BPO a growing concern is to figure out the requisite target level that ensures maximum productivity while minimum pres-sure and burnout.

13.11 EMPLOYEE INCENTIVE SCHEMES

13.11.1 INTRODUCTION ANDDEFINITION

Incentive is an act or promise for greater action. It is also called as a stimulus to greater action. Incentives are something which is given in addition to wagers. It means additional remuneration or benefit to an employee in recognition of achievement or better work. Incentives provide a spur or zeal in the employees for better performance. It is a natural thing that nobody acts without a purpose behind. Therefore, a hope for a reward is a powerful incentive to motivate employees. Besides monetary incentive, there are some other stimuli which can drive a person to better. This will include job satisfaction, job security, job promotion, and pride for accomplishment. Therefore, incentives really can sometimes work to accomplish the goals of a concern.

Graffin and Ebert defined Incentive schemes as, “special pay programmes designed to motivate high performance”.

Incentive schemes attempt to link at least a portion of pay to job performance to encourage higher productivity.

13.11.2 NEED OF INCENTIVES

The need of incentives can be many:-

1. To increase productivity,
2. To drive or arouse a stimulus work,
3. To enhance commitment in work performance,
4. To psychologically satisfy a person which leads to job satisfaction,
5. To shape the behavior or outlook of subordinate towards work,
6. To inculcate zeal and enthusiasm towards work,
7. To get the maximum of their capabilities so that they are exploited and utilized maximally.

13.11.3 TYPES OF INCENTIVES

Therefore, management has to offer the following two categories of incentives to motivate employees:

1. **Monetary incentives-** Those incentives which satisfy the subordinates by providing them rewards in terms of rupees. Money has been recognized as a chief source of satisfying the needs of people. Money is also helpful to satisfy the social needs by possessing various material items. Therefore, money not only satisfies psychological needs but also the security and social needs. Therefore, in many factories, various wage plans and bonus schemes are introduced to motivate and stimulate the people to work. In order to motivate employees care should be taken that they paid adequate salary or wages and that is too on the regular basis. The basic drive behind giving labour or service is money. So if employees are paid regularly it surely motivates them to work positively and willingly. With regular salaries Employees should be given bonus during festivals or occasionally. Along with it they should also be provided incentives like Medical Allowances, Leave and Travel Allowance to motivate them. Most of the time, companies pay special rewards in the form of cash to the employees who prove their efficiency in the form of any ideas or suggestions given for the benefit of organization. These are the types of incentives which motivate employees to perform their best.

2. **Non-monetary incentives-** Besides the monetary incentives, there are certain non-financial incentives which can satisfy the ego and self- actualization needs of employees. The incentives which cannot be measured in terms of money are under the category of "Non- monetary incentives". Whenever a manager has to satisfy the psychological needs of the subordinates, he makes use of non-financial incentives. Non- financial incentives can be of the following types:-

   a. **Security of service-** Job security is an incentive which provides great motivation to employees. If his job is secured, he will put maximum efforts to achieve the objectives of the enterprise. Job security should be provided to the employees for making them feel that they are the permanent part of an organization. They should be not be made feel insecured. So the probation period should be kept minimum. Job security increases the morale of employees to work with dedication. This also helps since he is very far off from mental tension and he can give his best to the enterprise.

b. **Praise or recognition-** The praise or recognition is another non- financial incentive which satisfies the ego needs of the employees. Sometimes praise becomes more effective than any other incentive. In order to motivate employees, it is very important to praise them. If they show Excellency in the work, they should be verbally praised and admired. It builds employee's confidence and they feel contented psychologically. The employees will respond more to praise and try to give the best of their abilities to a concern.

c. **Suggestion scheme-** The organization should look forward to taking suggestions and inviting suggestion schemes from the subordinates. This inculcates a spirit of participation in the employees. This can be done by publishing various articles written by employees to improve the work environment which can be published in various magazines of the company. This also is helpful to motivate the employees to feel important and they can also be in search for innovative methods which can be applied for better work methods. This ultimately helps in growing a concern and adapting new methods of operations.

d. **Job enrichment-** Job enrichment is another non- monetary incentive in which the job of a worker can be enriched. This can be done by increasing his responsibilities, giving him an important designation, increasing the content and nature of the work. This way efficient worker can get challenging jobs in which they can prove their worth. This also helps in the greatest motivation of the efficient employees.

e. **Promotion opportunities-** Promotion is an effective tool to increase the spirit to work in a concern. If the employees are provided opportunities for the advancement and growth, they feel satisfied and contented and they become more committed to the organization. In order to motivate employees, their transfer should be done with planned progression or within the organization they should be promoted. It is the best way of motivation because the promoted employees surely show best results due to willing dedication to work.

The above non-financial tools can be framed effectively by giving due concentration to the role of employees. A combination of financial and non- financial incentives help together in bringing motivation and zeal to work in a concern.

3. Positive Incentives

Positive incentives are those incentives which provide a positive assurance for fulfilling the needs and wants. Positive incentives generally have an optimistic attitude behind and they are generally given to satisfy the psychological requirements of employees. For example-promotion, praise, recognition, perks and allowances, etc. It is positive by nature.

4. Negative Incentives

Negative incentives are those whose purpose is to correct the mistakes or defaults of employees. The purpose is to rectify mistakes in order to get effective results. Negative incentive is generally resorted to when positive incentive does not works and a psychological set back has to be given to employees. It is negative by nature. For example- demotion, transfer, fines, penalties.

13.11.4 INNOVATIVE EMPLOYEE INCENTIE SCHEMES

Incentive measures, such as salaries, secondary benefits, and intangible rewards, recognition or sanctions have traditionally been used to motivate employees to increase performance. Some of the financial incentives are direct such as salary, pension, insurance, bonuses, etc. Others are indirect such as subsidized meals, clothes or housing. Non-financial incentives come in many forms such as gifts, rewards, travel. Incentive pay plans reward employees according to production or performance, rather than just paying for hours on the clock. An incentive plan can be made up of many kinds of elements. The most common kind of incentive program used by employers is a cash reward. In today business world there are several types of staff incentive schemes.

1. Cash incentives:

It includes following important schemes:

a. **Bonus schemes**: It is the most common form of cash incentive. Bonuses can be accrued and paid out at different intervals, such as monthly, quarterly, or annually. Bonus size generally depends on the total pay of the employee. Managers sometimes pay spot bonuses to some staff members for having made special efforts in their work. Typically, the spot bonus is awarded for an achievement that is not measured by any regular performance standard. The bonus pay structure is common in professions such as sales, marketing and production. When the employees reach a predetermined goal, the company may create an incentive plan that pays a bonus for going beyond that goal.

b. **Profit-sharing plans**: This is very widely used form of cash incentive. Under such plans, employees receive a certain percentage of the annual profit. In this type of plan the company sets aside a portion of their pre-tax profits and distributes that money to the employees. The distribution has made according to some form of allocation criteria i.e. base on salary, individual performance, etc.).In most cases, an employee must qualify to receive profit sharing by meeting company performance metrics, and by having a predetermined amount of service in with the company. Some companies offer to place the pre-tax profits into the employees' company retirement plans, so it can add to future fund growth. Companies may also develop a profit sharing percentage based on the amount of time worked for the company, the position held within the company or a combination of both conditions.

c. **Gain-sharing plans:** These are similar to profit sharing plans, but here the basis for the distribution pool is different. Typically, under gain-sharing plans, employees are entitled to a certain percentage of the productivity gains that are achieved over a given period. Payout intervals are typically shorter than under profit-sharing plans.

d. **Merit pay plans:** These involve salary increases for those employees who have produced the best performance during a certain period of time generally for one year). While most of the other incentives assure that staff always has to work hard in order to receive the reward, employees will feel the merit pay forever. Hence, merit pay schemes are not only performance based, but also tenure based. While they can contribute to low staff turnover rates, they can cause high disparities in the salaries of junior and senior staff because of the past performance of senior staff. Despite their drawbacks, merit pay schemes are widely used in practice. According to the Society for Human Resource Management, one type of incentive plan for executives is known as the performance unit. In the executive's agreement there is a schedule of financial milestones that the company must achieve for the executive to get awarded a pre-determined amount of units. The amount of a performance unit varies by company. Performance units are paid out based on a schedule agreed to by the executive and the company.

7. Symbolic rewards:

This is one of the types of non-cash incentive plans. Symbolic rewards are of small monetary value and emphasize the recognition of the employee’s work effort. Examples of such rewards include commendation letters, branded gifts, trophies, joint dinners or trips. While the monetary value of this reward is not likely to enhance staff performance, the provision of such rewards can be valuable supplementary tools to support staff motivation. However, staff usually prefers cash payouts as the financial value of these rewards becomes significant.

8. Employee Stock Ownership Plans (ESOPs):

It is an incentive offered to employees that want to invest their money into the company stock by purchasing stock with pre-tax money. Employee Stock Ownership Plans, or ESOPs, involves the participation of employees in the MFI's share capital. Through an ESOP, employees become co-owners of the organisation. They can increase their wealth and income if the MFI makes profits, which would tend to increase the value of the shares and make it possible to pay out dividends. Employees can be motivated by knowing that they are shareholders in the company and that they can participate in the success of the firm. Having relatively new this plan of incentive has become more common. One difference between a cash payout and an ESOP is that the former has a short-term impact while the latter is felt more over the long term. Also, cash is "real" – employees can take their bonuses and spend them. The value of an ESOP is contingent upon such factors as future profitability and the presence of a market for selling the shares. An Employee Stock Option Plan (ESOP) is a benefit plan for employees which make them owners of stocks in the company. ESOPs have several features which make them unique compared to other employee benefit plans. Most companies, both at home and abroad, are utilising this scheme as an essential tool to reward and retain their employees. Currently, this form of restructuring is most prevalent in IT companies where manpower is the main asset. So far as the future of ESOPs in India is concerned, as more and more companies realise the need to retain their best talent in a world which would be dominated by companies with the best intellectual capital, this management technique would be the phenomenon of the new century.

9. Delayed Benefits:

Delayed Benefits As financial institutions grow and mature there is a tendency for the average age of staff members to increase as well. Most organisations only make the obligatory contributions to the national pension and social security plans, but it may be worthwhile to consider funding a private pension plan. With increasing age, most people worry more about their situation after retirement. Since many public systems do not provide adequate coverage after retirement, a private plan can have a very positive effect on employees' motivation. In fact, many people might then be quite willing to forego short-term monetary benefits (such as a higher monthly bonus) in favour of a higher regular income after retirement. Another interesting feature of delayed benefits such as pension entitlements is that they tend to increase with tenure in the organisation. Long-term incentives, such as delayed benefits, can help to reduce turnover since they increase the perceived cost of changing jobs.

10. Perk:

It means the benefits or perquisites typically awarded to only a small proportion of the management staff. Perks are generally a good method of attracting and retaining employees as they are not related to productivity. Perks can encourage staff to attach with the business. The common examples of perk are use of a company car, gifts on birthday, health benefits, subsidised staff canteens, tea/coffee-making facilities, loans at lower rates, season tickets, social events such as Christmas parties and work outings, membership of social clubs etc.

For the success of any incentive plan it is essential to define the goals and objectives clearly for staffers. Workload should also be equitably distributed, or it could create resentment if staffers feel they have to carry slow or poor-performing team members. Incentive plans are formalized approaches to offering recognition and reward to employees for meeting pre-established goals or objectives.

13.11.5 IMPORTANCE OF INCENTIVE PLANS

Following points explains the importance of incentive plans:

1. Incentive programs motivate employees to push and challenge themselves to achieve higher degrees of productivity. This ultimately translates to increased earnings for your company.

2. When incentive plans are in place, employees recognize that significant effort on their behalf will be acknowledged and rewarded. This can increase the amount of time; effort and energy spend for the company by the employees.

3. Incentive plans for the group can help to promote collaborative work efforts in the business. Employees working in teams collectively rely on each others' productivity for the group to receive a bonus or award may support and encourage each other to perform at top levels.

4. Peer pressure may also encourage additional degrees of performance from underperforming employees as each employee in the team takes care of not to let their team members down.

5. Incentive plans have the potential to raise morale and increase job satisfaction in a company. Employees see a direct correlation between their work effort and their earning potential.

6. As the incentive plans are directly related to job satisfaction the employees with high levels of job satisfaction often exhibit lower degrees of absenteeism, which can also help improve a company's bottom line.

7. Employees competing for or striving to meet the goals of an incentive plan may provide higher degrees of service to the customers, which increase the degree of satisfaction of the customers.

8. Satisfied customer makes positive word-of-mouth advertising. This can encourage repeat business and enhance the company's reputation.

9. Improved service levels can also encourage referral business.

13.12 SUMMERY

Business Process Outsourcing (BPO) is the outsourcing of back office and front office functions typically performed by white collar and clerical workers. It is like a contract that enables the business person to hire the services of an outsourcing firm that will manage and complete the tasks for them. As far as the contract policies are concerned, it becomes the entire responsibility of the service provider to complete the task well in time. Business process outsourcing is becoming more and more demandable and promising as it helps to a great extent in saving the money that can be invested in enhancing the progress of other departments. Knowledge Process Outsourcing (KPO) is the allocation of relatively high-level tasks to an outside organization or a different group within the same organization. KPO is, essentially, high-end business process outsourcing (BPO). KPO saves cost. This kind of outsourcing is adopted by companies to implement their strategies and to protect their intellectual property rights. Examples of KPO include accounting, market and legal research, Web design and content creation.

Incentives help to achieve organizational goals or performance. Incentives are either individual or group.Financial incentives are designed to motivate employees to improve their performance, to increase effort and output and by producing better results expressed in such terms as objectives for profit, productivity, sales turnover, cost reduction, quality customer service and on time delivery. This financial compensation provides extra money for achievement in terms of contribution or output. Incentive schemes relate compensation to productivity. A primary purpose of an incentive scheme is to encourage greater productivity from individuals and work groups. The assumption usually made by management is that money or cash alone may not motivate employees. In designing incentive schemes, output standards should be established. In addition to motivating employees to increase their level of productivity, incentive schemes may reduce turnover among good performers or productive workers. Incentive schemes are also cost effective because of savings that often resulted from productivity improvements. Generally, in incentive schemes are classified into two types: material incentive and non-material incentives.

13.13 QUESTIONS

1. Explain future prospects of Business Process Outsourcing (BPO) in India.
2. What do you mean by Knowledge Process Outsourcing (KPO)? Explain its forms and benefits.
3. Explain Future Prospects of Knowledge Process Outsourcing (KPO) in India.
4. Identify various career options available in BPOs/KPOs in India.
5. What are the career options in Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO) sector?
6. "Money or cash alone may not motivate employees". Discuss.
7. Define the term Incentive Scheme. State the importance of Incentive Schemes.
8. Explain in detail the types of Incentive Schemes.
9. Write Note on:
    a. BPO
    b. KPO
    c. HRM issues related to BPO and KPO
    d. Innovative Employees Incentive Schemes

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Question Paper Pattern for Business Management Group
M.Com Parts I (Revised) for IDOL-Annual Pattern

Duration: 3 Hours **Maximum Marks: 100**

Note: 1) Both Sections are Compulsory.
2). Answers to both Sections should be written in the same answer book.

Section I **Marks: 50**

Note:-1) Question **No. I is Compulsory**.
2) Attempt **any two** out of the remaining **four questions**.

Q. No.	Module (Covering Four Modules (I to IV) of Section I of the Syllabus)	Marks
1a or 1 b.	Q 1 a. From any one of the four modules OR Q 1 b. From any one of the four modules (Q 1 a and Q 1 b will not be from the same module)	**20**
Q 2.	One question from either Module I or II	15
Q 3.	One question from either Module III or IV	15
Q 4.	One question from either Module I or III	15
Q 5.	One question from either Module II or IV	15

***In case of question numbers 2 to 5 there will not be any internal choice; only one question from any of the two modules specified for each question would be given in the question paper.**

Section II **Marks: 50**

Note:-1) Question **No. 6 is Compulsory**.
2) Attempt **any two** out of the remaining **four questions**.

Q. No.	Module (Covering Four Modules (V to X)of Section II of the Syllabus)	Marks
6a or 6b.	Q 6 a. From any one of the four modules OR Q 6 b. From any one of the four modules (Q 6 a and Q 6 b will not be from the same module)	**20**
Q 7.	One question from either Module V or VI	15
Q 8.	One question from either Module VII or VIII	15
Q 9.	One question from either Module V or VII	15
Q 10.	One question from either Module VI or VIII	15

***In case of question numbers 7 to 10 there will not be any internal choice; only one question from any of the two modules specified for each question would be given in the question paper.**

Professor cum Director,
IDOL

M.Com. (Part- I)
-: Business Management Group :-
Human Resource Management
(Paper-I)
{April – 2016}

QP Code : **24424**

(3 Hours) [Total Marks : 100

N.B. : (1) **Q. 1** and **Q 6.** are **compulsory.**
(2) Attempt **any two** out of remaining four (i.e. **Q. 2 to Q. 5** and **Q. 7. to Q. 10)** in each section.
(3) **Figures** to the **right** indicate **full** marks.

Section - I

1. Answer **any one** of the following :- 20
   (a) Describe in detail various tools used in selection process.
   OR
   (b) What are the limitations and ethical aspects of performance appraisal.

2. Discuss Human Resource Management in global setting. 15

3. Explain the traditional methods of performance appraisal. 15

4. Describe the structure of Human Resource department and explain the objectives of human resource department. 15

5. Describe the steps in Human Resource Planning. 15

Section - II

6. Answer **any one** of the following :- 20
   (a) Discuss various challenges faced by trainer.
   OR
   (b) Discuss various safety measures and programmes adopted by organisations for health and safety of employees.

7. Explain the grievance procedure used in resolving disputes in organisation. 15

8. 'Work-life balance is an important component of HRM'. Discuss. 15

9. Explain the Self- Development Mechanism and career advancement in human resource management. 15

10. "Culture is an important factor in Succession planning." Discuss. 15

(मराठी रूपांतर)

(3 तास) (एकूण गुण : १००

सूचना : (१) **प्र.क्र.१** आणि **प्र. क्र. ६ अनिवार्य** आहेत.
(२) **प्र. क्र. २** ते **५** मधील कोणतेही **दोन** प्रश्न सोडवा.
(३) **प्र.क्र. ७ ते १०** मधील कोणतेही **दोन** प्रश्न सोडवा.
(४) **उजवीकडील** अंक **पूर्ण** गुण दर्शवितात.

भाग –१

१. कोणताही **एक** प्रश्न सोडवा.
(अ) निवडप्रक्रियेसाठी वापरण्यात येणारी विविध तंत्रे स्पष्ट करा. २०

किंवा

(ब) कामगिरीच्या मुल्यांकनाच्या मर्यादा आणि आड येणारे घटक स्पष्ट करा.

२. वैश्विक संदर्भामध्ये, 'मनुष्यबळ व्यवस्थापन' ही संज्ञा स्पष्ट करा. १५

३. कामगिरीच्या मुल्यमापनाची पारंपारिक तंत्रे स्पष्ट करा. १५

४. मनुष्यबळ विभागाची रचना आणि उद्दिष्ट्ये स्पष्ट करा. १५

५. मनुष्यबळ नियोजनाच्या पायऱ्या स्पष्ट करा. १५

भाग –२

६. कोणताही **एक** प्रश्न सोडवा.
(अ) प्रशिक्षक म्हणून कार्य करताना येणाऱ्या समस्यांची चर्चा करा. २०

किंवा

(ब) कर्मचाऱ्यांच्या आरोग्य आणि सुरक्षेसाठी घेण्यात येणाऱ्या विविध उपाययोजना आणि कार्यक्रमाची चर्चा करा.

७. कार्यालयीन तंटे सोडविण्यासाठी घेण्यात येणाऱ्या तक्रारीनिवारण कार्यक्रमाची प्रक्रिया स्पष्ट करा. १५

८. ''कार्यालयीन–वैयक्तिक कार्याचा समन्वय हा मनुष्यबळ व्यवस्थापनाचा महत्त्वाचा घटक आहे''. १५

९. मनुष्यबळातील स्वयंविकसन आणि कारकिर्द प्रगतीचे मनुष्यबळ विकसनातील महत्त्व स्पष्ट करा. १५

१०. ' उत्तराधिकारी निवड नियोजनामध्ये संस्कृती हा महत्त्वाचा घटक आहे' स्पष्ट करा. १५
