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Human Resource Management

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UNIT-1 : INTRODUCTION TO PEOPLE MANAGEMENT Structure: 1.0 Objectives 1.1 Introduction 1.2 Functions of People Management 1.3 Current Restructuring Trends in People Management 1.4 The Changing Environment and Duties of People Management 1.5 Human Resource's Strategic Roles 1.6 Strategic Human Resource Challenges 1.7 The HR Department and Managers: an Important Partnership 1.8 Manager vs Leader Style 1.9 Characteristics of an Effective Leader 1.10 Line Versus Staff Authority 1.11 The New Roles of Human Resource Professional 1.12 Qualities of an HR Manager 1.13 Summary 1.14 Self Assessment Questions 1.15 References

6 1.0 OBJECTIVES After reading this unit, you should be able to; • Overview of People Management. • Highlights the People Management and describe its changing environment. • Discuss strategic planning and HR's strategic role. • Differentiate Manager and Leader style. • Analyse the Characteristics of an Effective Leader • Understand the qualities required for an HR Manager • Appreciate the New roles of HR Professional

1.1 INTRODUCTION Meaning of People Management: There are five basic functions that all managers perform: planning, organizing, staffing, leading, and controlling. People management involves the policies and practices needed to carry out the staffing (or people) function of management , including recruiting, screening, training, rewarding, and appraising. HRM refers to the

practices and policies that include: a. Conducting job analysis b. Planning labor needs c. Selecting job candidates d. Orienting and training new employees e. Managing wages and salaries f. Providing incentives and benefits g. Appraising performance h. Communicating (interviewing, counseling, disciplining) i. Training and developing j. Building employee commitment

7 DEFINITIONS: People management refers to the practices and policies you need to carry out the personnel aspects of your management job, specifically, acquiring, training, appraising, rewarding, and providing a safe and fair environment for your company's employees. In fact, People management and Human resource management are terms interchangeably used. "Human resource management is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques."

Strategic human resource management is "...the linking of HRM with strategic goals and objectives in order to improve business performance and develop organizational cultures that foster innovation and flexibility ..."

The role of HR in the strategic planning process would include environmental scanning, competitive intelligence, internal strengths and weaknesses analysis, and the implementation of the strategies." 1.2 FUNCTIONS OF PEOPLE

MANAGEMENT The utilization of human resources to achieve organizational objectives. Consequently, managers at all levels must concern themselves with human resource management. Basically, through the efforts of others, managers get things done that require effective human resource management. ? Staffing: An organization must ensure that individuals possessing appropriate qualifications are available at specific places and times to accomplish the objectives of the organization. Some of the primary tasks involved in accomplishing this goal are job analysis, human resource planning, recruitment, and selection. ? Human resource development: A major HRM function that consists not only of training and development but also individual career planning and development activities and performance appraisal, an activity that emphasizes T&D needs. Training is designed to provide learners with the knowledge and skills needed for their present jobs. Development involves learning that goes beyond today's job; it has a more long-term focus. Human resource development (HRD) helps individuals, groups, and the entire organization become more effective. It is essential because people, technology, jobs, and organizations are always changing.

8 Through performance appraisal, employees and teams are evaluated to determine how well they are performing their assigned tasks. Performance appraisal affords employees the opportunity to capitalize on their strengths and overcome identified deficiencies, thereby becoming more satisfied and productive employees. ? Compensation and benefits: Compensation includes all rewards individuals receive as a result of their employment. The reward may be one or a combination of the following: - Pay: The money that a person receives for performing jobs. - Benefits: Additional financial rewards other than base pay, such as paid holidays and medical insurance. - Nonfinancial: Nonmonetary rewards that an employee may receive, such as enjoyment of the work performed and a pleasant working environment. ? Safety and health: Safety involves protecting employees from injuries due to work-related accidents. Health refers to the employees' freedom from illness, and their general physical and mental well-being. ? Employee and labor relations: Even with the projected decline in union membership, a business firm is required by law to recognize a union, and bargain with it in good faith, if the firm's employees want the union to represent them. Human resource managers in union-free organizations are often knowledgeable about union goals and activities. Union-free firms typically strive to satisfy their employees' needs in every reasonable manner to make it clear that a union is not necessary for individuals to achieve their personal goals. 1.3 CURRENT RESTRUCTURING TRENDS IN PEOPLE MANAGEMENT A number of firms are changing the way the functions are performed. For example, some companies are restructuring HR for reasons such as time pressures, financial considerations, and market pressures. This restructuring often results in a shift in terms of who performs each function. ? Human resource manager: An individual who normally acts in an advisory or staff capacity, working with other managers to help them deal with human resource matters. One general trend is that HR personnel are servicing an increasing number of employees. The human resource manager is primarily responsible for coordinating the

9 management of human resources to help the organization achieve its goals. There is a shared responsibility between line managers and human resource professionals. ? Shared service centers: Take routine, transaction-based activities that are dispersed throughout the organization and consolidate them in one place. ? Outsourcing: The process of transferring responsibility for an area of service and its objectives to an external provider. The main reason for this movement was to reduce transaction time, but other benefits include cost reductions and quality improvements. Companies found that administrative, repetitive tasks are often performed in a more cost-effective manner by external sources. ? Line managers: Line managers, by the nature of their jobs, are involved with human resources. Line managers in certain firms are being used more to deliver HR services. When implemented, this change reduces the size of the HR department. 1.4 THE CHANGING ENVIRONMENT AND DUTIES OF PEOPLE MANAGEMENT The Changing Environment • Globalization (tendency of firms to extend

their sales, ownership, and/or manufacturing to new markets abroad). •

Technological Advances • The Nature of Work a. More technologically demanding b. Shift to providing services instead of products • Growing emphasis on knowledge workers & human capital (refers to the knowledge, training, skills, and expertise of firm's workers). • The Workforce demographics are becoming more diverse as women, minority group members and older workers enter the work place. 1.5 HUMAN RESOURCE'S STRATEGIC ROLES A.

Strategy (the company's plan for how it will balance its internal strengths and weaknesses with external opportunities and threats in order to maintain a competitive advantage)
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B. Strategy and HR- HR Strategies refers to the specific HR courses of action the company plans to pursue to achieve its aims. The central challenge facing HR is to provide a set of services that makes sense in terms of the company's strategy by 1. Building organizational competitiveness and performance 2. Involving in designing – not just implementing companies' strategies. C. HR

and Competitive Advantage (means "any factor that allow an organisation to differentiate its product or service from those of its competitors to increase market share").

There is greater recognition that distinctive competencies are obtained through highly developed employee skills, distinctive organisational cultures, management processes and systems. ?

HR's Roles as a Strategic Partner 1. Three views of HR a. Strictly operational and not strategic b. Role is to execute the company's strategy c. Equal partner in the strategic planning process ? HR's role in formulating strategy HR participates in the strategy formulation process by supplying information regarding the company's internal human strengths and weaknesses a. Competitive intelligence b. Internal strengths and weaknesses analysis ? HR's role in executing strategy HR is heavily involved in the execution of most firms' downsizing and restructuring strategies, through out-placing employees, instituting pay-for performance plans, reducing health care costs, and retraining employees. ? The strategic future of the HR department Human resource departments will face further downsizing and re-engineering as they face pressure from senior management to add value to the organisation or have their functions contracted out.

11 1.6 STRATEGIC HUMAN RESOURCE CHALLENGES Human resource challenges that face today's managers may be categorized according to their primary focus: the environment, the organization; or the individual. Firms that deal with these challenges effectively are likely to outperform those that do not.

- **Environmental Challenges** Environmental challenges refer to forces external to the firm that are largely beyond management's control but influence organizational performance. They include: rapid change, the Internet revolution, workforce diversity, globalization, legislation, evolving work and family roles, and skill shortages and the rise of the service sector.
- **Organizational Challenges** Organizational challenges refer to concerns that are internal to the firm. However, they are often a byproduct of environmental forces because no firm operates in a vacuum. These issues include: competitive position (cost, quality, and distinctive capability), decentralization, downsizing, organizational restructuring, self-managed work teams, small businesses, technology, outsourcing, and organizational culture. Organizational culture is a particularly important element. Culture is the basic assumptions and beliefs shared by members of the organization that express themselves through the rules, norms, dominant values, philosophy, and climate. Firms that regularly make adjustments to these elements to match environmental changes are likely to outperform those whose culture is rigid and unresponsive to external factors.
- **Individual Challenges** Human resource issues at the individual level address concerns that are most pertinent to decisions involving specific employees. These issues almost always reflect what is happening in the larger organization. How individuals are treated also is likely to have an effect on organizational issues. For instance, if many key employees leave a firm to join its competitor, it will affect the competitive posture of the firm. The individual issues include matching people and organization, ethics and social responsibility, productivity, empowerment, brain drain, and job insecurity.

Planning & Implementing Strategic HR Policies To be successful, firms must closely align their HR strategies and programs (tactics) with environmental opportunities, business strategies, and the organization's unique characteristics and distinctive competence. A firm with a poorly defined HR strategy or

12 a business strategy that does not explicitly incorporate human resources is likely to lose ground to its competitors. Similarly, a firm may have a well-articulated HR strategy yet fail if its HR tactics/policies do not help to implement its HR strategy effectively.

- **The Benefits of Strategic HR Planning** Formulating HR strategies and establishing programs to implement them is strategic human resource planning. Successful HR strategic planning provides many benefits for the company, including (1) encouraging proactive rather than reactive behavior, (2) explicit communication of company goals, (3) stimulation of critical thinking and ongoing examination of assumptions, (4) identification of gaps between current situation and future vision, (5) encouragement of line managers' participation, (6) identification of HR constraints and opportunities, and (7) creation of common bonds
- **The Challenges of Strategic HR Planning** In developing HR strategy, organizations face several important challenges including (1) maintaining a competitive advantage, (2) reinforcing overall business strategy, (3) avoiding excessive concentration on day-to-day problems, (4) developing HR strategies suited to unique organizational features, (5) coping with the environment, (6) securing management commitment, (7) translating the strategic plan into action, (8) combining intended and emergent strategies, and (9) accommodating change.

13 • **Strategic HR Choices** Human resource strategies, which are implemented through HR activities and programs, may affect the performance of the business. The options that a firm has available in designing its HR system are its strategic HR choices.

- **Selecting HR Strategies to Increase Firm Performance** No HR Strategy is "good" or "bad" in and of itself. The success of HR strategies depends on the situation or context in which they are used. In other words, an HR strategy's effect on firm performance is always dependent on how well it fits with some of the factors. Fit refers to the consistency or compatibility between HR strategies and other important aspects of the organization
- **Fit with Organizational Strategies** Organizational strategies may be examined at two levels: corporate and business. Corporate strategy refers to the mix of businesses a corporation decides to hold and the flow of resources among those businesses. This involves decisions pertaining to acquisition, divestment, diversification, and growth. At one end of the spectrum is the evolutionary business strategy; at the other end is the steady-state strategy. Business unit strategies refer to those established by firms or autonomous units of the corporation. Well-known business strategies were formulated by Porter (overall cost leadership strategy, differentiation business strategy, and focus strategy) and Miles and Snow (defender strategy and prospector strategy).
- **Fit with the Environment** HR strategies should help the organization better exploit environmental opportunities or cope with the unique environmental forces that affect it. The environment can be examined on four dimensions, including (1) degree of uncertainty, (2) volatility, (3) magnitude, and (4) complexity.
- **Fit with Organizational Characteristics** To be effective, HR strategies must be tailored to the organization's personality. The features of an organization's personality are its

14 (1) production process for converting inputs into output, (2) market posture, (3) overall managerial philosophy, (4) organizational structure, and (5) organizational culture. • Fit with Organizational Capabilities An organization's capabilities are its distinct competencies. HR strategies make a greater contribution to a firm's performance (1) when they help to exploit the firm's specific advantages or strengths while avoiding its weaknesses, and (2) when they assist in better using its own unique blend of human resource skills and assets. • Choosing Consistent and Appropriate HR Tactics to Implement HR Strategies Even the best-laid strategic HR plans may fail when specific HR programs are poorly chosen or implemented. A firm's HR strategies must be mutually consistent. That is, HR strategies are more likely to be effective if they reinforce one another rather than work at cross-purposes. 1.7 THE HR DEPARTMENT AND MANAGERS : AN IMPORTANT PARTNERSHIP All managers must effectively deal with human resource issues because these issues are at the core of being a good manager. Moreover, mutual partnerships must be formed among line managers and HR professionals in order to effectively and efficiently meet the employees' and employers' goals and needs. It is not uncommon for the two groups to view each other negatively, which often hinders the establishment of an effective partnership between the two groups. Five competencies for Human Resource professionals are required for a Human Resources department to becoming a full strategic partner: (1) Leadership, (2) Knowledge of the business, (3) HR strategic thinking, (4) Process skills and (5) HR technologies.

15 Specific steps a company can take to foster an effective partnership between managers and the HR department include: (1) analyze the people side of productivity, (2) view HR professionals as internal consultants, (3) in still a shared sense of common fate, (4) require some managerial experience, (5) actively involve top corporate and divisional managers, (6) require senior HR executives to participate. HR and Technology Technology is increasingly being used by HR in organizations today. • Application service providers • Web portals • PCs and high speed access • Streaming desktop video • Mobile web and wireless net access 1.8 MANAGER Vs LEADER STYLE Definition: Manager • Maintaining & managing the status quo • Directs/oversee people or processes • Handles day-to-day functions • Most concerned with efficiency • The "how" structure (e.g., policies, procedures, systems) Leader • Has commanding authority or influences future happenings • Concerned with effectiveness • Visionary

16 • Emotional intelligence is typically high • Handles self & relationships in a positive manner Accountability: MANAGER "I implement the rules" LEADER "I know these rules seem arbitrary but they actually serve a good purpose." "Let me show you how you can use them to your advantage Power: MANAGER Positional over people LEADER Power with people Problems MANAGER Solves problems LEADER Facilitates employees in resolving problems Goals MANAGER Arise via necessity LEADER Arise via desire; proactive Response MANAGER People "do" because they're told to "do LEADER Influences the way people think, gets buy-in; at the core is trust

17 Change MANAGER Maintains status quo Reactive LEADER Constantly challenging the status quo Creates change and ensures people embrace it Lets followers determine the best way for improvement Representation MANAGER Limitations-focused on present vs. new possibilities LEADER Growth - "the sky is the limit" New possibilities Focus MANAGER Concerned with Efficiency – Sets objectives and focuses on achieving goals (e.g. increasing productivity) Tells employees "work smarter, not harder LEADER Concerned with Effectiveness – Are we doing the RIGHT thing? Leads their followers to the fulfillment of their potential: from where they are to where they could be Make-up MANAGER Structure – systems, controls, procedures, policies LEADER People and relationships

18 Trust Humility Financial Stewardship MANAGER Bottom Line – "Are we within budget" "Are we meeting our goals" Counts, records, measures LEADER Horizon-Is a visionary Creating a new future for themselves and their followers guided by their day-to- day decision making Sees beyond the bottom line Emotional Intelligence MANAGER Present to a lesser degree LEADER A "must" to be successful 1.9 CHARACTERISTICS OF AN EFFECTIVE LEADER Character ? Attitude • Positive • " own this" • Open-minded • Considers "new possibilities" and is a "change agent," • Has a sense of humor ? Integrity • Demonstrates respect for self and others especially during "challenging times" • Modest

19 • Honest • Fair ? Role Modeling • Accountable for their actions • Believe they have the power to self manage vs. being managed by others • Principles exhibited through behaviors/actions vs. words/language ? Results Oriented • Demonstrates initiative, drive, high standards, is focused on goals and outcomes, is accountable for results • Understands the "big picture" • Values people (internal and external), finances, processes, environment, and situation ? Customer Focused • Customer is the center of decision making, listens and reacts to customer feedback • Sets measurable standards, monitors, and takes action accordingly ? Innovation • Bright Ideas o Entertains new ways of thinking o Thinks outside of the box • Removes "Silo" theory o Understands workflow of operations across departments and systems • Systems Thinker ? Mentoring/Coaching • Removes barriers to employees meeting goals • Facilitates staff to self manage • Motivates and challenges staff • Creates a learning environment

20 ? Communication, Relationship Skills • Listens • Fosters 2-way communication resulting in a win-win results • Communicates in a clear, respectful, and concise manner ? Team Player • Supports and empowers others • Never says "That's not my job" • Puts organization/team before self 1.10 LINE VERSUS STAFF

AUTHORITY 1. Authority is the right to make decisions, to direct the work of others, and to give orders. 2.

Line managers are authorized to direct the work of subordinates. 3. Staff managers are authorized to assist and advise line managers. Line Managers' People Management Responsibilities 1. Placement 2. Orientation 3. Training 4. Improving job performance 5. Gaining creative cooperation 6. Interpreting policies and procedures 7. Controlling labor costs 8.

Developing employee abilities 9. Creating and maintaining departmental morale 10. Protecting employees' health and physical condition The Human Resource Department's People Management Responsibilities The HR department provides the specialized assistance that the line managers need in:

21 a. Recruiting b. Job analysis c. Compensation management d. Training e. Labor relations 1.11 THE NEW ROLES OF HUMAN RESOURCE PROFESSIONAL Some industry commentators call the Human Resources function the last bastion of bureaucracy. Traditionally, the role of the Human Resource professional in many organizations has been to serve as the systematizing, policing arm of executive management. In this role, the HR professional served executive agendas well, but was frequently viewed as a road block by much of the rest of the organization. While some need for this role occasionally remains much of the HR role is transforming itself. The role of the HR manager must parallel the needs of his changing organization. Successful organizations are becoming more adaptable, resilient, quick to change direction and customer-centered. Within this environment, the HR professional, who is considered necessary by line managers, is a strategic partner, an employee sponsor or advocate and a change mentor. ? Strategic Partner In today's organizations, to guarantee their viability and ability to contribute, HR managers need to think of themselves as strategic partners. In this role, the HR person contributes to the development of and the accomplishment of the organization-wide business plan and objectives. The HR business objectives are established to support the attainment of the overall strategic business plan and objectives. The tactical HR representative is deeply knowledgeable about the design of work systems in which people succeed and contribute. This strategic partnership impacts HR services such as the design of work positions; hiring; reward, recognition and strategic pay; performance development and appraisal systems; career and succession planning; and employee development.

22 ? Employee Advocate As an employee sponsor or advocate, the HR manager plays an integral role in organizational success via his knowledge about and advocacy of people. This advocacy includes expertise in how to create a work environment in which people will choose to be motivated, contributing, and happy. Fostering effective methods of goal setting, communication and empowerment through responsibility, builds employee ownership of the organization. The HR professional helps establish the organizational culture and climate in which people have the competency, concern and commitment to serve customers well. In this role, the HR manager provides employee development opportunities, employee assistance programs, gainsharing and profit-sharing strategies, organization development interventions, due process approaches to problem solving and regularly scheduled communication opportunities. ? Change Champion The constant evaluation of the effectiveness of the organization results in the need for the HR professional to frequently champion change. Both knowledge about and the ability to execute successful change strategies make the HR professional exceptionally valued. Knowing how to link change to the strategic needs of the organization will minimize employee dissatisfaction and resistance to change. The HR professional contributes to the organization by constantly assessing the effectiveness of the HR function. He also sponsors change in other departments and in work practices. To promote the overall success of his organization, he champions the identification of the organizational mission, vision, values, goals and action plans. Finally, he helps determine the measures that will tell his organization how well it is succeeding in all of this.

1.12 QUALITIES OF AN HR MANAGER Qualities essential for success in people management, include soft skills, success orientation, mental toughness, organizational skills and perfectionism. The Emotional IQ inclusive of social insight, the ability to recognize and label one's own feelings and needs, and to reconcile those needs with both long-term goals and the needs of other people.

23 The Communication Skills - the ability to get messages across with persuasiveness while taking everyone's needs into account. The Success Likelihood – attitudes that are conducive or counterproductive to success such as fear of success and fear of failure. The Coping Skills - the emotional tools necessary to handle the stress inherent in a HR position. Finally, the Culture-fair IQ - general intelligence that is free of culture and education bias.

1.13 SUMMARY Human resource management includes activities like recruiting, selecting, training compensating, appraising and developing. HR Management is very much a part of every line managers responsibilities. These responsibilities include placing the right person in the right job, orienting, training, and compensating to improve his or her job performance. The HR Manager/Department carries out three main functions. First, the manager exerts line authority in his unit and implied authority elsewhere in the organisation. He performs a co-ordinative function to ensure that the organisation's HR objectives and policies are co-ordinated and implemented. He provides various staff services to line management. Changes in the environment of HR management are requiring HR to play a more major role in organisations. These trends include growing diversity, rapid technological change, globalisation, and changes in the nature of work such as the movement towards a service society and a growing emphasis on education and human capital. Trends like globalisation and technological innovation are changing the way firms are managed. The traditional pyramid –shaped organisation is giving way to new organisational forms, employees are empowered to make more decisions around teams & processes. The bases of power are changing, Managers in the future will not just 'manage' but go beyond to be sponsors/team leader/internal consultant. Managers today must build commitment. Changes like these require organisations to depend more on self-disciplined, highly committed knowledge workers. One consequence is that HR Management must be involved in both the formation and the implementation of a company's strategies, given the need for the firm to galvanize employees into a competitive advantage. HR is therefore viewed as a strategic partner in that HRM works with other top managers to formulate the company's strategy as well as to execute it.

24 1.14 QUESTIONS FOR SELF - STUDY 1. Explain what HR management is and how it relates to line management. 2. Give examples of how HR management concepts and techniques can be of use to all managers. 3. Compare the work of line and staff managers; give examples of each. 4. What specific functions should an HR unit carry out? What HR functions would then be carried out by supervisors and other line managers. 5. What are some of the factors that have contributed to the increased stature of the Human Resources function in organizations? 6. Identify the trends that impact the changing environment of Human Resource management. 7. Differentiate Between a Manager and a Leader? 8. What is meant by strategic human resource management and what exactly is HR's role in the strategic planning process?

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UNIT-2 : STRESS MANAGEMENT Structure 2.0 Objectives 2.1 Introduction 2.2 What is Stress? 2.3 The Brain in Action 2.4
Need for stress 2.5 Stress in Excess 2.6 Sources of Stress 2.7 Control and relief 2.8 Stress defences 2.9 Keeping the
balance 2.10 Techniques for Stress Management 2.11 Summary 2.12

Questions for Self-Study 2.13

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26 2.0

OBJECTIVES After reading this unit, you should be able to; • Understand the concept of stress. • Examine why stress arises • Relate the consequences of stress • Identify mechanisms for controlling stress • Use techniques for stress management 2.1 INTRODUCTION Stress is often defined as a threat, real or implied, to homeostasis. In common usage, stress usually refers to an event or succession of events that cause a response, often in the form of 'distress' but also, in some cases, referring to a challenge that leads to a feeling of exhilaration, as in good stress. But the term 'stress' is full of ambiguities. It is often used to mean the even (stressor) or, sometimes, the response (stress response). Furthermore, it is frequently used in the negative sense of 'distress', and sometimes it is used to describe a chronic state of imbalance. Here stress will be used to describe events that are threatening to an individual and which elicit physiological and behavioural responses as part of allostasis. Behaviourally, the responses to stress may consist of 'fight or flight' reactions or, in humans, involve health-related behaviours such as excessive eating, alcohol consumption, smoking, and other forms of substance abuse. Reaction to a potentially stressful situation could also be an increased state of vigilance, enhanced by anxiety and worrying particularly when the threat is ill-defined or imaginary and when there is no clear alternative behavioural response that would end the threat. Behavioural responses to stress and these of anxiety are capable of exacerbating existing conditions. Stress is often defined as a threat, real or implied, to homeostasis. In common usage, stress usually refers to an event or succession of events that cause a response, often in the form of 'distress' but also, in some cases, referring to a challenge that leads to a feeling of exhilaration, as in good stress. But the term 'stress' is full of ambiguities. It is often used to mean the even (stressor) or, sometimes, the response (stress response). Furthermore, it is frequently used in the negative sense of 'distress', and sometimes it is used to describe a chronic state of imbalance. Here stress will be used to describe

27 events that are threatening to an individual and which elicit physiological and behavioural responses as part of allostasis. Behaviourally, the responses to stress may consist of 'fight or flight' reactions or, in humans, involve health-related behaviours such as excessive eating, alcohol consumption, smoking, and other forms of substance abuse. Reaction to a potentially stressful situation could also be an increased state of vigilance, enhanced by anxiety and worrying particularly when the threat is ill-defined or imaginary and when there is no clear alternative behavioural response that would end the threat. Behavioural responses to stress and these of anxiety are capable of exacerbating existing conditions. Stress is a recognized killer and a major contributor to workplace illness. Companies are worried about stress because of reduced effectiveness; individuals can find that the impact of stress blights their health and happiness. Yet stress is a complex phenomenon. It can't be painted in black and white. We all need a degree of stress to drive us on to achieve. Neither total lack of stress nor stress to excess is good for you.

2.2 WHAT IS STRESS? The trouble with stress is that it's not a matter of right or wrong. We have been conditioned to see stress as purely negative because of handy slogans like 'stress kills'. But you can't live a slogan – and in this case you wouldn't want to. Stress is the impact of a demand on a human being. The source can be external or internal. The demand can be positive or negative. Arguable there is no life at all without stress. At the physical level we have a pretty good understanding of what stress is about. When the brain senses a demand for exertion it signals the release of various hormones from glands around the body. These active agents, like adrenalin, noradrenalin and cortisol, prepare the body for action. Muscles tense up, the heart beats faster and the blood supply is concentrated where it is needed, moving away from 'low need' areas like the digestion and the skin. All this is designed to provide a wave of energy to enable you to react appropriately to the trigger: to fight or to run away. To survive.

2.3 THE BRAIN IN ACTION Stress is always a balance of the physical and the mental. It helps in understanding stress to have a basic understanding of the brain's activity. The electrical activity of the brain has been typified by psychologists in four different categories. These are specified in the somewhat illiterate sequence of delta (0-3 activities per second), theta (3-7 28 activities per second), alpha (7-14 activities per second) and beta (14-28 activities per second). In delta state the brain is hardly active at all. This deep sleep, when the body seems to be undergoing physical repair activities. Theta is the state where rapid eye movement sleep takes place – the condition required for dreaming. This is thought to happen when the brain is reorganizing its information for more effective use. Alpha and beta are waking states. Alpha is unfocused – it's where you are daydreaming or letting your mind wander. Alpha is the creative state. Beta, on the other hand, is focused. It's the state you move into to get things done, to follow a plan. The importance of all this for stress is that being in too high a mental state for a desired action is stressing. At the extreme, as your brain activity gets faster and faster, it can end up thrashing about, incapable of making decisions or solving problems. This is not helped by the fact that it is much easier to switch up a state than to switch down, hence the need for stress-relieving techniques to help us to switch down a state in a controlled way.

2.4 NEED FOR STRESS Stress has an important function. There are times when it is a genuine aid to survival-escaping a burning building or an attack. More often it is a driver to get the extra mile. You might be an athlete or an actor, a manager giving a business presentation or a firefighter. In any role, stress can make all the difference. Everyone who has ever gone on stage knows only too well that feeling in the pit of the stomach that says 'Why the hell am I here?' – but without that stress there wouldn't be the huge return that makes it all worthwhile. Positive stress is the fuel that drives us beyond the commonplace. The very concept of being 'driven' implies a sort of stress. Without any stress, life would be reduced to the level of grazing animal with everything supplied. No wants, no worries, no interests – not much of a life.

2.5 STRESS IN EXCESS If things were that simple, stress management would be all about getting more stress, but there's a price to pay that means most of us suffer from too much stress rather than too little. There are two contributory factors. One is the added complexity and pace of life. Our bodies were designed for stress as a special case, but all too often

29 it's the norm. The other problem is the nature of stressors. When we get the surge of adrenalin and other hormones, all too often we don't do anything to make use of those changes to our body. The requirement is not to fight or to run away – we just have to sit and take it. This happens with stresses as widely separated as the rigours of driving and bringing up children. One-off examples of such stresses aren't as much of a problem, it's the combination of stress without a physical response and frequent, almost constant, exposure that does the real damage. Someone who is constantly on the edge of stress can be easily tipped into over-reaction – road rage is a classic example – by trivial incidents. And the body simply isn't built for long-term stress-heightened activity. Without an outlet, the outcome can be increased risk of heart disease and other medical conditions. The impact of such harmful stress differs widely from individual to individual. Some of us have a more laid-back attitude to life; others will fly off the handle at the least provocation. As well as such internal inclination or disinclination to respond to stress, our position in life can have a significant effect. Research in the Civil Service has shown that there is a very strong correlation between stress levels and degrees of self-determination. Senior civil servants, who are very much in control of what they are doing from day to day, have a much lower rate of stress-related illness than cleaners and other staff whose workday is pre-programmed.

WHERE STRESS COMES FROM: When we're managing stress it helps to know where it's coming from. For any individual there are liable to be a range of causes, some very personal, some general to all of us. If you think through a typical day, you can see a set of classical stress inducers:

- A blaring noise from your alarm clock wakes you up.
- You are tired because you stayed up too late last night.
- You are worried about your promotion interview this afternoon.
- Your children demand your attention when you are in a hurry to get ready for work.
- You are late.
- Heavy traffic makes you later still.
- Bad drivers cut you up and slow you down.
- The computer isn't working properly again.
- When you ring support you get stuck in a voice-handling queue.

30 ... and so on. Stressors are attacking you from all sides – and from inside. The exercises in Instant Stress Management will provide you with tools to handle stress in yourself and others, and will look at some of the more common causes of stress. In general, the exercises emphasize the small, frequent causes of stress, as these are often the ones that we ignore at our peril. Everyone is aware of the stressful impact of a death in the family or of moving house. There is more need to flag up some of the lesser stressors that continuously nibble away at our sanity.

2.6 SOURCES OF STRESS INTERNAL STRESSORS: It would be nice to blame 'them' for all our stress. If only they left me alone to get on with things, everything would be fine. Sadly, it's just not true. A sizeable chunk of bad stress comes from within. This can operate at a simple practical level. Your ability to take control of your time can have a significant impact on stress. Time management may seem a plodding, mechanical activity, but getting your time organized so that you have more room for the things you really want to do is an important contributor to stress management. Equally important is the whole mix of emotional confusion that can erupt in any of us. Because our emotional sides are beyond conscious control, they can be a prime cause of stress. Your feeling can stress you long after you are out of reach of the original causes of stress. You might start with a small amount of external stress – your child is being very difficult, so you get angry and smack it. But the stress you then generate for yourself from guilt and frustration at your own lack of control can far outweigh the original trigger. In our materialistic world, it might seem strange that a practical book should dwell on the spiritual, but spiritual influences cannot be ignored when it comes to internal stresses. Almost everyone feels the need for something more, something beyond the everyday; the lack of spiritual content in our lives can be a prime source of stress. This underlying need is reflected in the questions addressed by the major religions – 'What's the point?' 'Is there anything more to life?' 'You live and then you die and that's it?' Uncertainty about where life is taking us and the ever present reality of death produce internal stress, while many find that spiritual sources provide a relief and defence against a whole range of stressors, not just the physical.

31 EXTERNAL STRESSORS: Although the internal is important, we can't ignore external stressors. They are there all the time. Some are immense one-off shocks to the system. Bereavement, moving house, divorce, going on holiday (yes, it causes stress). Others are small but constantly nagging – driving on congested roads or constant hassles at work. We have already seen that because, whatever the stress, our bodies react as if we are in physical danger, we end up with a potentially damaging hormonal reaction. This means that often there is more danger from the small but constantly present stresses than a big, one-off event. However, you do also need to be aware of the dangers when several big stressing events occur in one year.

2.7 CONTROL AND RELIEF So far the picture of stress has been fairly unpleasant. While we need an element of stress in our lives to add flavour and keep things moving, the level of stress we are all under far exceeds these requirements, and generally is of a destructive rather than constructive nature. We need mechanisms to bring stress under control and to relieve the damage it can cause. Broadly, we can divide ways of controlling our response to stress into three types – physical, emotional and spiritual. We can also build defences against stress, preventing the stress getting through is the first place.

DOING SOMETHING ABOUT IT: It is reasonable to ask if there is anything we can actually do about the problems of stress, or whether, like death, we had better accept it because it's a certainty. There are limits to how much you can change your personality in order to reduce your bad reaction to stress. However, there is still a lot to be done. For example, the studies that have shown stress to be related to a level of self-determination explain the link in terms of attitude. If you have a positive attitude, helped by control, you are less liable to be badly stressed than if you have a negative attitude, always finding fault and never happy with the situation. It's also necessary to bear in mind that the aim of stress management is not to eliminate stress totally. The good stress that gives you the edge when you need it is something you'll always want, it's the negative stress that has to be controlled. This can be approached in a number of ways. You can defend yourself from the stressors, stopping them from ever getting to you. You can counter the effects of stress physically, using exercise or drugs to counter the attack. Or you can resort to emotional and spiritual relief, bringing a calm to the inner self that results in less likelihood of developing a negative stress response. This book can't provide all the answers. In some circumstance it will be necessary to get professional help, or to look to others to help to deal with your stress. But Instant Stress Management will give you a tool kit of anti-stress techniques to help in most circumstance.

PHYSICAL CONTROL: Stress is a physiological consequence of the stressor, and as such responds to physical control. At the extreme this can involve the use of drugs, but more frequently it can be a matter of giving the body the natural defences to be able to handle stress, and enabling a physical outlet when stress manifests itself. Human beings have never before had such a sedentary life. Much work is now chair-bound, whether you are sitting in front of a computer screen or driving a car. The TV ensures that our entertainment is often low energy, too. We don't walk as much as we used to. Recent reports have shown that women, who traditionally had less of a problem with diseases caused by insufficient exercise, have now caught up with men. A major factor in being able to deal with stress is to be able to improve your physical condition. Often this involves basics like better sleep, better eating and more exercise. This isn't a health book, but we will be looking at ways to achieve this with a particular view to stress management – for instance, finding ways to exercise that don't bore you to death. There are also physical controls that go beyond basic health improvements. Many find massage particularly effective. Aromatherapy may not be entirely proven, but there are enough people who do feel a benefit (and bearing in mind the nature of stress, the perception of benefit is enough) to make it worthwhile trying. Although we tend to think of stress as very much an internal thing, we shouldn't ignore these physical aids.

EMOTIONAL CONTROL: A large degree of our response to stress is dependent on our emotional state and self-image. If we are depressed and unhappy, stress will have a disproportionately large impact. We've all been in the position of snapping at someone for a very minor offence when we are already feeling miserable. Help with your emotional state can make all the difference to how you cope with stress.

33 Similarly, as we have already seen, self-confidence and feeling in control of your life are immensely valuable when it comes to fending off negative stress. Something as apparently flimsy as attitude and self-esteem has a very big impact. One of the strands you will find in the techniques is looking at building your self-esteem. It's because of the importance of being in control that the apparent level of stress in a job isn't always a good indicator of the impact it will have on the individual. People with apparently stressful careers – company directors, successful self-employed people, surgeons, air traffic controllers – are much less likely to succumb to stress related illness than those with apparently low-stress jobs. It's because production line workers or cleaners have so little control and hence much less self-esteem that they are more susceptible to stress. Appropriate emotional control can be a lifesaver. **SPRITUAL CONTROL:** There's a dichotomy in our world. We have never been more rational, scientific and analytical. Yet everyone will at some time feel a yearning for something more, something beyond the everyday. This need for something more has led to a huge interest in everything from New Age philosophy to established religions. The specific approach taken isn't really of concern here, although there are several different suggestions in the techniques. The important consideration is power of having a spiritual dimension to your life in helping to control stress. Many religions stress prayer or meditation as a means of building spiritual calm, which has the practical effect of reducing the impact of stress. In fact, properly used, such spiritual tools can be the most effective stress relievers, as they can be used in any circumstance and have a very powerful effect. Accepting a spiritual dimension to your life can also help to overcome difficulties with 'the big issues' that are rarely thought about or discussed in ordinary life, so remain a nagging worry on the threshold of consciousness. **2.8 STRESS DEFENCES** Sometimes, the best way to control stress is to avoid it ever reaching you. There are lots of good ways to reduce the impact of sitting in a traffic jam as you queue with the other commuters on the way to work, but it would be even better if you could avoid the queue in the first place. In this particular instance, defences might be anything from taking a different route to not commuting at all.

34 The natural temptation is to think that most of our stressors are inevitable. An example I've frequently used is an interview with a director of a large corporate, who bemoaned the fact that his work had made it impossible for him to see his children growing up. He thought that he had no choice. In fact, he had made a decision that his career and the level of personal wealth that went with it, was more important than his family life. It's not for me to say whether or not he made the right decision, but it was a decision, not an inevitable fact. Because the decision was never made consciously, we treat it as if it doesn't exist. That's a mistake. The same goes for stress factors. Often we assume that we can't avoid the stressors and so need controls to cope. Before reaching that stage, it's worth making the decisions that force the stressors on you visible rather than leaving them implicit. **2.9 KEEPING THE BALANCE** While building your personal resources against stress, bear in mind that your aim is not totally to eliminate stress from your life but to achieve a better balance. This is important to remember, both so you don't feel frustrated that you haven't achieved perfection and to avoid the inclination to remove positive stressors that drive you on to achieve success without endangering your health and happiness. **2.10 TECHNIQUES FOR STRESS MANAGEMENT** An appropriate stress response is a healthy and necessary part of life. One of the things it does is to release norepinephrine. Norepinephrine is needed to create new memories. It improves mood. Problems feel more like challenges, which encourages creative thinking that stimulates your brain to grow new connections within it. Stress management is the key, not stress elimination. The challenge in this day and age is to not let the sympathetic nervous system stay chronically aroused. This may require knowledge of techniques that work to activate your relaxation response. Here you will find a variety of techniques and fascinating studies to help you manage stress in your daily life. **Physical Exercise:** One of the most obvious ways to relieve stress is to do what the body was meant to do under those circumstances physical activity. More precisely, exercise proves to be an excellent mechanism for stress reduction. Exercise helps:

- To lower the level of norepinephrine released in response to stress

35 • To improve infection fighting capability • To significantly reduce the negative effects of stress, including the suppression of cell division, decreases cytokines, and increases production of stress proteins. Practical tips for using exercise to reduce stress: • Do exercises that work your leg muscles. • Jog in place – do spot running. • Climb stairs or use a stair – stepper • Take a brisk walk • Use a treadmill – it works for lab rats • Use short bursts of muscular energy like the PT exercise we learned in school. Massage: Massage helps temporarily relieve the throbbing pain. Besides reducing the pain, it helps us to relax and better focus on our activities afterwards. Breathe to Relax: Nature has provided a perfect way to help activate our relaxation response, and it involves an involuntary bodily function that we can also consciously control-our breathing. Nothing is more convenient than using our breath to bring ourselves back into balance. Whether quieting a rapid fearful breath or boosting a shallow anxious one, just a few mindful breaths can shift our experience. A Breathing Exercise You Can Do Right Now: The first step is to bring your breathing under control: • Exhale completely • Then slowly breathe in through your nose • Expand your diaphragm/belly to bring air into the lower portion of your lungs • As you gradually fill your lungs from bottom to top, expand your chest • At the end, lift your shoulders for a last bit of volume • Briefly pause your breathing • Then relax and let the air flow smoothly and fully out through your mouth • Pull in your stomach at the end to expel the last bit of air

36 • Enjoy the emptiness for a few seconds • Then begin another breath • As you do this a few times, pay attention to the sound and sensation of your breath. If you get light-headed at first, then breathe normally. Psychological Techniques: Reading through the literature on stress, we can find some psychological answers to coping with stress that are far from simple to implement in everyday life. They emphasize the importance of manipulating feelings of control, predictability, outlets for frustration, social connectedness, and the perception of whether things are worsening or improving. These messages are used in stress management seminars, therapy sessions and many books on the topic. In one form or the other, these same thoughts are propounded by motivational speakers and new-age gurus where they emphasize finding means to gain at least some degree of control in difficult situations, viewing bad situations as discrete events rather than permanent or pervasive, finding appropriate outlets for frustration and means of social support and solace in difficult times. The first step is to accurately recognize the signs of stress and to identify the situation most responsible for it. There are some ways to proceed after that: ? One successful strategy is to find an outlet for life's frustrations. Typically, many people find a hobby a nice diversion. Try and choose an activity that will require some active participation. For example, watching TV is not a good choice, drawing, craft, music (playing not just listening), hiking, knitting, crochet, playing any sports are all excellent choices. Many people may find regular prayer and worship (performing 'pooja') or visiting the temple as an excellent alternative. Set aside a time to do it and do it regularly. A simple word of caution: make the outlet a benign one for those around you and do not stress your family while doing it. Practicing to play the bugle may be good for you but doing it in a small apartment in the city is not a good idea. Choose an outlet that you find personally pleasing. Prayer, meditation, reading, classical music, and sports – each may help some people but not others. In subsequent sections, we will give some information on these techniques and some of the scientific studies conducted to study their effects. If someone tries to sell you some activity as being helpful for stress reduction, you should read the fine print carefully and not buy the over-hyped claims. There is no scientific study showing the benefit of one form over the other in reducing the effects of stress. There is only anecdotal evidence and it should be treated with healthy skepticism. It is best to trust one's own instincts and go with what seems best.

37 ? Many times in life we are faced with situations that seem hopeless. Accidental death, disability, terminal illnesses are situation that are beyond our control. In the face of terrible news that is beyond control, beyond prevention, beyond healing, a state of denial may be the only answer. Such denial is not only permissible but may be the only means of maintaining sanity. This point was brought home in the case of a colleague whose teenage daughter died in a accident. The parents were too distraught and there were no words of consolation that could be offered. For a few months they basically were in denial about their daughter's death and it allowed them to function. Later, they slowly came to grips with the situation. But in the initial phases, the denial was their only way to maintain sanity. ? In the face of problems that are not life-and-death situations, one should hope, but protectively and rationally. Find ways to view even the most stressful of situations as holding promise of improvement but do not deny the possibility that things will not improve. Balance these two opposing trends carefully. Hope for the best and let that dominate most of your emotions. At the same time, let one small piece of you prepare for the worst. This was clearly illustrated in the case of a friend whose four year – old son was diagnosed with leukaemia. It was diagnosed early and the prognosis was good. However, there was always the possibility that it may not be cured. In such situations it is best to have cautious optimism. ? Those who cope with stress successfully trend to seek control over future events in the face of stressors. They do not try to control, in the present, things that have already come to pass. They do not try to control future events that are uncontrollable and do not try to fix things that are not broken or that are broken beyond repair. When faced with a large wall of stressors, one should not assume that there will be a breakthrough, one single controlling solution that will make the wall disappear. It is futile to wait for the avatar or 'redeemer' to set every-thing right in one moment. For many people, we see that they wait for a miracle or some sudden change in fortune as the solution to all their problems. This hope sustains them in their daily life but does not improve their lot. Success will be built one brick at a time. Assume that the stress wall can be scaled by a series of footholds of control, each one small but still capable of giving support. ? It is important to find sources of social affiliation. In my opinion, this is one of the most successful strategies for coping with stress. Evolution has favoured humans with all the tools for socialization and it will be the best tool for coping with stress. Even in this age of increasingly individualistic view of most people, we yearn to be a part of something larger than ourselves. The key is not to mistake true affiliation for

38 mere socializing. It is necessary to be patient; most of us will probably spend a lifetime learning how to be truly good friends and spouses. Friends who make you laugh are one of life's greatest blessings. Here's where the right social network pays off. One of the most important anti-stress coping skills is to develop a social support system, including pets. In very simple terms, in the face of adversity, we need to show flexibility, resiliency and pick our battles carefully. Some other practical suggestions include: Derail Your Train of Thoughts: Try to slowdown and stop the everyday onslaught of thought that wears you out- especially the kind of circular thinking that gets you nowhere. Recall our discussion on 'over-thinking' from chapter 10 on depression, especially for women. It is important to avoid getting into such state of circular thinking that does not lead to any obvious solution. Perhaps there's a simple thought or quote you can use to help you derail your train of thoughts and initiate your relaxation response. The Practice of Meditation: Unlike prayer, where you do the talking, meditation is more akin to listening. Your breath is the most natural thing to tune into. Just observe your breathing. Listen to the sound it makes and feel the sensation it creates. This leads you into a meditative state. If thoughts enter you mind, just let them go. Passively disregard them. Instead, stay with your breath. Let it settle into its own circular rhythm. One or two daily sessions of meditation – preferably at the same time every day – will change the way your body responds to stress because the effects of one session can last throughout the day. Having written the last paragraph, I have to confess that 'letting go' of your thoughts is far easier to write in a book than in actual practice. Many a times, I have experimented and tried a variety of techniques to let go of my thoughts during meditation. No luck – I am still stuck with all my thoughts. With my limited experience and poor understanding of the meditation techniques, I have kept this discussion to a minimum. There are obviously many nuances to meditation, and a qualified teacher may be advisable. There are very few rigorous scientific studies on the benefits of meditation. Alternatively, you can follow some of the other techniques discussed in this chapter and get the stress reducing benefits. My personal favourite – regular physical exercise. One of the best techniques for combining the advantages of meditation with the physical benefits of exercise is the practice of 'yoga'. There is no question about the advantage of regular yoga on improving both physical and mental health. There are many

39 excellent books available on the subject. It is one of the best techniques for those who can take it up and the benefits will be immediate and long lasting. Some practical tips for stress reduction using our thoughts and emotions: • See problems as opportunities or at least break a problem into manageable chunks • Do not take all things personally • There is no right answer to every problem • It is not a perfect world • Let go of some things • This too shall pass • Refute negative thoughts • Stop over generalizing • Control yourself, not others • Be yourself Relieve Your Stress Through Senses: Our sense are constantly bombarded with noises and smells. Some are pleasant and some are invasive. While much of this sensory input may be beyond our control, we can use the senses to relieve our stress, including our sense of humour! Getting a little poetical here, find the muse whose music best conducts your endocrine ensemble of stress-relieving hormones. Whatever kind of music soothes your savage beast – Indian classical, Hindi filmi, Jazz, R&B – let it shift your brain into its parasympathetic symphony. Toning, chanting, and other self-generated sounds have transforming effects on the mind and emotions. 'The most powerful aspect of music is rhythm,' says music therapy Professor Ron Borczon. 'Rhythm will help you get more excited when sped up; when slowed down, it helps the body calm down.' Use Your Sense of Humor: Before you react to some stressor, first try becoming an observe whose job it is to find the humour in the situation. Seek belly laughs which make you feel good, as well as more stress proof. The pioneering work of Norman Cousins demonstrated the value of laughter in stress reduction. The next time you feel road-rage or some other stressor starting to rear its ugly tail, just start making a funny noise. Such sounds are incompatible with anger.

40 Reminder Stress management will require persistence, positive attitude and a willingness to change things for the better. It is this ability to view the world events through positive psychological filters that will mark the true success in stress management. 2.11 SUMMARY It is important to note a few things. Stress is everywhere. Every twinge of dysfunction in our bodies is not a manifestation of stress-related disease. It is true that the world is full of bad things that we can cope with by altering our outlook and psychological makeup but it is also full of awful things that cannot be eliminated by a change in attitude no matter how heroically, fervently or ritualistically we may wish. Here is the important point, once we are actually sick with the illness, none of the stress management techniques can provide immediate relief. One diabetes has set in or the depressive attacks occur, treatment with medicines is our only option. Stress management should be used as a preventive treatment. We have the capacity to lead our lives and make such changes that we prevent some of the stress-related problems before they turn into full-fledged diseases. 2.12 QUESTIONS FOR SELF-STUDY 1. Explain the concept of stress. 2. What are the sources of stress? 3. List the consequences of stress. 4. What are the mechanisms adopted for controlling stress and seeking relief? 5. Explain in detail the techniques for stress management. 2.13 REFERENCES 1. Ansari M.A. Managing people at work, New Delhi: Sage publications, 1990 2. K. Ashwtappa. Human Resource Management- Text and Cases, Bengaluru: TMH.2010. 3. Stephen P Robbins. Training in interpersonal skills – tips for managing people at work, Noida UP: PH. 2012. 4. Rosemary Thomson. People Management, Hyderabad: University Press (ndia) Ltd., India.1990. 5.

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UNIT-3 : TIME MANAGEMENT Structure 3.0 Objectives 3.1 Introduction 3.2 Be an Achiever 3.3 Overcoming your Time - Waster 3.4 Time Management in Various Facets 3.4.1 Audience Analysis 3.4.2 Borrowing Money 3.4.3 Brainstorming 3.4.4 Burnout 3.4.5 Career 3.4.6 Change 3.4.7 Complaints 3.4.8 Conference and Convention 3.4.9 Decision - Making 3.4.10 Delegation 3.4.11 E-Mail 3.4.12 Feedback 3.4.13 Meetings 3.4.14 Negotiation 3.4.15 Orders & directives 3.4.16 Problem Solving 3.4.17 Raports 3.4.18 Stress

42 3.4.19 Thinking Time 3.4.20 Time-saving Tips 3.5 Summary 3.6

Questions for Self Study 3.7 References

43 3.0 OBJECTIVES After reading this unit, you should be able to; • Explain

why time management is such a powerful tool for success in today's workplace • Describe why, where and when you can use time management techniques • Understand how to cope with the increasing pressures of modern business • Develop checklists and guidelines to act as reminders for managing time.

3.1 INTRODUCTION Sound time management is the key to a successful career. Value your time. It's your most precious resource. The successful people in this world are those who can get things done quickly and efficiently. They don't let trivia and time-wasters clog their day. They plan their work so they can devote their time to their most important jobs and delegate to others as much as possible.

3.2 BE AN ACHIEVER The most influential people in this world are the people who get things done. They are the people who have learned to manage their time successfully by creating good work habits, planning their tasks carefully, setting their priorities wisely and allocating their time effectively.

SET A DAILY ROUTINE AND KEEP TO IT IF POSSIBLE: Experience will show you your best time for planning, for interviewing, for thinking, for networking, for writing, for making telephone calls and for walking around meeting staff and clients. If you are in doubt keep a record of your activities for a few days to analyse how you spend your time. Start by taking one day at a time. Then each day becomes a step towards getting into a productive routine.

PRIORITISE YOUR WORK FOR IMPORTANCE AND URGENCY: Set your priorities: Focus your energy on what you hope to achieve. We all have different priorities and different problems to solve.

44 There are two ways of setting priorities; according to urgency or according to importance. Most people set them according to urgency and never start a project until they reach a deadline. They spend most of their time answering queries and problem solving for others. If you are not coping because of work pressure you have three choices. You can:

1. Work longer hours
2. Work more efficiently
3. Do only important work

FIX DEADLINES FOR ALL IMPORTANT JOBS AND TELL OTHERS: "Yes, I will have that report on your desk on Monday morning!" Earn a reputation for being an achiever by meeting deadlines and getting things done. If you set yourself deadlines, and tell others, you will feel more committed to achieve them. People who get things done build a good reputation and are in demand for jobs with increased responsibilities. Do the things which require maximum concentration when you are at your peak productive times: When do you work best? Identify your peak working hours and use them wisely. Some people are 'early birds'. They get up early and are most creative during the tranquil morning hours. The first few hours at work are peak times for some. If you are one of those don't waste this time doing routine jobs such as reading a newspaper or the mail, or making routine phone calls. Others work best late in the afternoons or in the quiet of the evening. They have been called the 'owls' and the early starters, the 'fowls'.

LEARN TO DELEGATE ROUTINE AND LESS IMPORTANT TASKS TO OTHERS: Concentrate on your more important tasks – your high priority ones. Forget the non-essential ones you enjoy doing. Try delegating your less important, time-consuming tasks.

45 Plan your tasks. Think before you act : Making time to think and get organised is a sound investment and should be a part of your daily routine. Your planning will depend on your work routine and your work habits. Some 'early birds' like to plan first thing in the morning; others prefer the end of the day. Keep your plan simple and flexible. As Murphy said, "Anything that can go wrong, will go wrong", so be prepared to adjust your timetable. Your priorities will also change from time to time. Don't worry as long as you are heading in the right direction. Plan each day, each week and each month. Break big jobs down into Manageable units: Tackle jobs step by step. Here is a simple technique that can help you become an achiever – and it works every time. Specify what you want to do, set yourself a time limit and try to keep to it. Don't be too ambitious at the start – be realistic. By completing one step of a difficult task you are encouraged to tackle the next step. It doesn't matter what the job is – it works. Try it next time! Many self-made people started in a small way. They set high standards and made a success of one small business, learning from their mistakes and the mistakes of others. They finished up with chain of shops, motels, hotels, farms or other services. One small success often leads to more successes.

DO ONE JOB AT A TIME: One you start a task try to complete it. Don't become a 'butterfly', flitting from one job to another. Concentrate on one job at a time. Do each job well and finish it before getting on to the next. Don't get sidetracked. If you can sort out your priorities and do only one job at a time you make progress. If you are working on a task and someone interrupts you, don't stop and do their job. Try being more assertive and say, 'please come back after lunch when I have finished the job I am working on. I will help you then.'

46 PLAN YOUR CALLS: Jot down your objective and key points. If you spend a few seconds jotting down your objective and the key points you wish to make prior to making your telephone calls or sending your e-mail messages, you can save valuable time and make your messages clearer. Make time for relaxation and Enjoyable Social Activities: Everyone needs recreation and relaxation. Breaks away from work allow you to return refreshed and able to make better decisions and get more work done. Those who make the worst use of their time are the first to complain about not having enough time for enjoyable activities. Aim for High Standards, not perfection: Never spend more time on a job than it warrants. Being a perfectionist often means becoming a procrastinator. You want a reputation for high standards but don't waste valuable time. Aim for High Standards, not perfection: Lack of planning is probably your main enemy which stops you getting things done but procrastination, interruptions and lack of concentration are also major time-wasters. Procrastination Don't put off unpleasant tasks. Most of us tend to take the easy way out. We make excuses and postpone difficult and time consuming tasks. The longer we put off a difficult task the harder it becomes. We make excuses – we are too busy, or the job is too big to start just now. The world is cluttered up with unfinished projects that have been put aside to do later. Make an effort to do jobs when they should be done. Develop good working habits and time-saving systems. If you feel you should do a job, get on with it – otherwise you will start to worry about it. Overcoming Procrastination If you have a clear mission statement, clear goals and objectives and you know what you should be doing – get started! Break jobs into small workable tasks. Try the 'divide and conquer method'.

47 Prepare a plan for your first task. List the steps you will take. Set deadlines – budget your time. Commit yourself – tell others your plan. Interruptions You can deal with unscheduled interruptions in two ways. You can either try to get rid of them or you can budget time for them. Your choice will depend on the importance you place on the need to listen to clients and to staff or you desire to get work done. A friend was especially busy trying to meet a deadline for an important report. The voice from the corridor was that of a talkative client. To avoid interruptions and in utter desperation my friend crawled under his desk. The receptionist ushered the visitor into the room. "That's strange!" said the receptionist. "He can't be far away. He was here a few minutes ago. Would you like to wait?" With that they sat down and began to talk – and talked, and talked – for nearly an hour. My numbed friend eventually emerged from his cramped quarters, very stiff and very embarrassed. He vowed it would never happen again. He would face up to his time-wasting problems and learn how to deal with interruptions. Overcoming interruptions Try to eliminate interruptions or delay them so they don't interfere with your peak-time priority work. Improve your office communications to reduce questioning from staff. Use e-mail, circular letters, newsletters, video messages, conference phone calls and meetings to inform several staff members at the same time. Schedule meeting so staff can ask questions and discuss policy matters. At meetings start on time, get to the point quickly and keep to the agenda. Train your assistant to 'filter' visitors and phone calls. Plan for a quiet period free from interruptions each day during your peak working hours.

48 Escape to a 'secret' quiet room to do planning and creative work. Lack of Concentration This is more of a personal matter. If your lack of concentration is due to worry over private problems, try to resolve them quickly. Make an effort to concentrate on one job at a time. If you are easily distracted, remove as many distractions as possible from your surroundings. Set yourself deadlines and reward yourself when you achieve them. 3.3 OVERCOMING YOUR TIME-WASTERS Look for these time-wasters: No long-term plans No short-term plans Unscheduled meetings Unnecessary meetings Too many reports Too many rules No priorities No clear objective No current job specification No time plans No deadlines Attempting too many jobs at once Interruptions (telephone calls and unscheduled visitors) Poor filing system Low staff morale Lack of procedures for routine jobs Failure to delegate Filling in non-essential questionnaires People with pet projects

49 Unclear requests Lack of feedback Lack of information Procrastination Too much reading Junk mail And so on....

List, Prioritise & By tackling one problem at a time and making a real effort you will progress. 3.4 TIME MANAGEMENT IN VARIOUS FACETS Get things done: The first step to success in any career or business is to have a plan setting out the goals and how they are to be achieved. Similarly, in any organisation, an action plan should be prepared when a project is started or changes are to be made. It should state clearly what is to be done and how it is to be done. Ideally, it should set out the successive steps, the conditions required to complete them, and the time scheduled for each step. 3.4.1

AUDIENCE ANALYSIS Do your research: Before you start preparing to give a speech, make a presentation, write an article or report, talk on radio or TV, make a video or film, prepare a poster or any other form of communication, find out as much as possible about your expected audience or end-user. 3.4.2 BORROWING MONEY Prepare a business plan: Many new businesses fail because they are under-capitalised. It is usually easier to borrow money at the start of a new business venture than when things begin to go wrong. Before you make your presentation to a bank or a lending institution think about the needs of the lender. Your success will largely depend on a well thought out business plan and on your reputation.

50 Preparing your business plan: To be objective you will need a business plan. It will help you clarify your ideas and analyse your proposed project. If you have a plan on paper you will find it easier to borrow money to buy resources. It will also help you monitor your project once you start. Presenting your case: Prepare a well thought out, well presented business plan, as your aim should be to persuade lenders their money is safe. Be professional in your approach, present yourself looking well groomed, confident and full of enthusiasm. Produce evidence of the demands for your products or services, with market surveys. Show you have a good reputation for hard work and repayment of previous loans. Answer questions honestly and show you have budgeted for contingencies. Get statements to support your case from your accountant, valuer, lawyer and anyone else who can help you. 3.4.3 BRAINSTORMING Generate ideas: If a group is faced with a difficult and complex problem, use a brainstorming session to help solve it. 3.4.4 BURNOUT Recognise the signs of Burnout: We all have responsibilities. You have a responsibility to yourself. If you have family you have a responsibility to them. You have a responsibility to your employer and to your community. If you fail to lead a balanced life and spend too much time with one at the expense of the others you will feel tired, suffer from stress and eventually burn out. Learn to 'switch off' occasionally so you return to work fresh and creative.

51 Counsel staff: Watch for staff who show signs of physical or emotional exhaustion and be prepared to seek help for them Mentoring, coaching and counselling all play important roles in overcoming staff burn out. 3.4.5 CAREER Changes: A new job, a new challenge! Look at new opportunities with enthusiasm as a chance to tackle new tasks and to acquire new skills. Don't live in the past. Keep looking ahead to the future. Try conducting an honest self-appraisal of your work styles and people skills. You have a chance to start afresh. Be decisive. Practice common courtesies. Broaden your horizons by study, travel and new experiences. Accept change and less security as a part of today's business life. Advancement: First get to know your corporate culture. Find a mentor to counsel and advise you on your career steps. Get honest feedback and monitor yourself. Don't resent helpful criticism. Promote yourself. Don't be too modest. Know when to stop talking and when to listen, especially when the boss is talking. Maintain high ethical standards and a good work output. Build good relationships and alliances. Join organisations and make an effort to strengthen your social and business networks. Use all the brains you have and all the brains you can borrow. Continually learn new skills.

52 3.4.6 CHANGE Plan for growth: Change in an organisation is healthy if it is in the right direction. A leader's job is to explain the need for change and to help people overcome their fear of it. When people recognise the need for change they are more likely to support it. They will also support what they help to create so get them involved in planning changes. The graveyard of business is littered with organisations that failed to recognise the need to change. The starting point for bringing about change in any organisation, regardless of size is a draft strategic plan. It should involve the following: 1. A vision, mission or policy statement 2. Setting goals 3. Carrying out an environmental scan 4. Carrying out a situational audit 5. A SWOT analysis 6. Setting objectives 7. Planning tasks to be done 8. Preparing an action plan 1. A vision, mission or policy statement This should define the ambitions of the organisation and should be stated clearly and concisely in writing so everyone in the organisation knows what they are. It should be specific and focused on the principal reason for the existence of the organisation. It must take a long term perspective and be inspirational for the teams – and give them something to aim for. They should take a pride in working towards the vision. For example, a telecommunication company's mission statement might be: "To make it easier and cheaper for all people in this country to keep in touch and improve their quality of life."

53 2. Goals A goal is your desired result. It is like the destination of journey – the end of your effort. For example, your goal or aim may be: “To be the best company of its kind in this country, setting standards that all others strive to reach.” Goals are often hard to measure but people know when they have been achieved. 3. Environmental scan This involves investigative research and should tell you what’s going on around you. What competition do you have? What are your competitors doing? What future international developments can be predicted? How will changes in the exchange rates influence the business? Could a change in government policies have an influence on the business? ...and so on. 4. Situational audit Take a hard objective look at your organisation. You must be honest and completely objective! Bringing in an outsider to help has advantages. Ask leading questions. What do you do best? What could you do better? What do customers really think about your service? How can you give clients a better service? How can you cut waste? These questions allow you to carry out a SWOT analysis. 5. SWOT analysis Make up a list of the organisation’s Strengths, Weaknesses, Opportunities and Threats. Make the most of your opportunities and strengths, overcome your weaknesses and head off your threats. 6. Objectives Set realistic objectives which can be measured. An objective is more specific than a goal. A good objective should define the conditions to be met or the exact target to be achieved by a certain time. 54 SMART objective should be: Specific, Measurable, Achievable, Realistic and completed on Time. For example: “To streamline office procedures and reduce office staff by 25% within the next six months.” 7. Tasks to be done Prepare a list of tasks needed to meet your goals and objectives. Divide big tasks into small parts and deal with only one part at a time. 8. Action Plan Draw up a simple action plan. How will you involve your people in this exercise? Who does what by when? How will you keep a check on developments? Teams with a shared vision can be very effective in accomplishing complex tasks. Get your people involved and with their help draw up simple action plans. Authority to make decisions and to act should be delegated nearest to the point where the facts are known and the action takes place. Delegate responsibility and accountability! The vision goes downwards and the action plans and the reporting flow upward. Plans must be reviewed on a regular basis. A plan is not a static thing – it’s dynamic and changes must be made to respond to a changing environment. 3.4.7 COMPLAINTS Deal with grievances fast: Businesses are successful only if their customers and clients are satisfied with the product or services. Valued customers could be lost if complaints are not handled skillfully and quickly. Successful managers know that it is easier and more profitable to generate additional business from existing customers than trying to find new ones. Complaints should be treated as indicators of potential trouble, so train your staff to deal with complaints promptly. 3.4.8 CONFERENCE OR CONVENTION Plan and organise thoroughly: Before you start organising a conference or convention, answer these questions: 1. Why is the conference being held? 55 2. What are the aims of the organisation and the objectives of the meeting? 3. Who do you hope will attend? 4. How many people will you be able to accommodate? 5. What is your budget? Your working committee: If you are the organiser your job is to coordinate activities. Don’t try and do all the work – delegate jobs to others. Select your working committee carefully. Pick people who have the time and the ability to get things done. Call a meeting of these people and if they agree to take a responsibility, give them instructions in writing. Consider the theme: What is your theme? Know what topics you want discussed. Choose the speakers: Know how speakers will perform on these topics. Will they be compatible with your audience? Will they be drawbacks? Contact the speakers: Phone first to see if they are available and to answer their initial questions. Follow up with a letter confirming dates, times, subject, transport and accommodation arrangements. Prepare the programme. Book meeting rooms. Book accommodation for speakers and guests. Arrange publicity. (Newspapers, television, radio, brochures etc.) Brief and invite reporters. Arrange catering. 56 Organise signs, decorations. Arrange for a sound system. Organise visual aids, projectors, screens and emergency equipment. Check on availability of seats and tables. Organise registration staff and facilities. After the event: Write to thank speakers. Pay accounts. Evaluate conference and make a note of changes for next time. Write reports. Get follow-up publicity by supplying the media with stories and photographs. 3.4.9 DECISION - MAKING Make sound assessments: Indecision can be the worst mistake some people make. Aim to make sound decisions after you have studied the topic and thought about all the consequences. Remember many decisions are easy to make but hard to implement. • Avoid making snap decisions. • Don’t make important decisions when you are under stress. • Give you full attention to important decisions. • Assess the situation fully after you have collected all relevant facts. • Try to balance an intuitive hunch with sound logical analysis. • Examine alternatives closely before making a decision. • Make use of policy guidelines and past experiences • Consult people whose judgment you trust. • Consider the possible outcomes when making a decision. Ask what can go wrong. Try to anticipate future developments and any changes in the situation. • Keep asking “WHAT, WHY, WHEN, WHERE, HOW and HOW MUCH?”

57 • Consider people, profits, conflicts, materials, machinery, methods and the environment. • After weighing up the implication be prepared to take risks. • Once you have studied the situation fully, make your decisions fast.

3.4.10 DELEGATION Reduce your workload: You delegate jobs: (a) To have more time for important jobs (b) To train staff (c) To test staff in different situations. If you delegate to reduce your workload, match the staff to the jobs you want them to do. How to delegate: 1. List your tasks. 2. Mark your essential tasks. 3. Decide which jobs take up too much of your time. 4. Mark the tasks you do not really need to do. 5. Delegate as many as you can. 6. Decide who should receive these tasks. 7. Make sure they have the skills and the time. For successful delegation: 1. Make sure the task is achievable. 2. Explain why the job is important. 3. Give clear instructions. If they are complex write them out in simple English. 4. Give the staff authority to act. 5. Tell staff what results you want. 6. Agree on a deadline. 7. Make sure they know who to go to for help, if they need it.

58 8. Don't interfere while they are doing the job. 9. Ask for feedback and regular progress reports. 10. Be helpful and positive when you receive the reports. Counsel the staff if necessary. 11. Praise good work. Promoting the task: 1. Highlight the challenges. 2. Express your faith in their ability to rise to these challenges. 3. Tell them how the experience will benefit them. 4. Set clear performance standards – not the methods to be used. 5. Give them a model to measure their performance against. 6. Give them time to think about the tasks and to ask questions. 3.4.11 E-MAIL Use it wisely: E-mail is a good business tool for breaking down barriers, enhancing international understanding and for making quick decisions. Don't let the servant become your master. Take control and use it to your best advantage. Take care you do not send off messages you later regret sending because of misunderstandings. Some people become addicted to using e-mail and are lazy or reluctant to speak to people face to face. Talking to people and having open discussions is still the best way to get your ideas across and influence people. Tips when using e-mail: 1. Clear your e-mail messages every day. 2. Handle them quickly. As soon as you read a message decide to: delete it act on it pass it on save it for reference or file it for later action.

59 3. Set up an efficient e-mail filing system. 4. Use message filters, the address book, templates and an automatic signature. 5. Use e-mail's reply feature to respond swiftly. 6. Plan what you are going to say before you reply. Jot down key words or phrases and put them in a logical order. Put your main idea first. 7. Write the way you would talk. Use simple words to avoid misunderstandings. 8. Do not use slang or jargon. 9. Send only 'need-to-know' information. 10. Avoid attaching extra files. 3.4.12 FEEDBACK Aim for continuous improvement: Feedback should be encouraged and developed as it can serve as an early warning system for problems and grievances. Encourage and welcome constructive feedback. Take care you do not discourage feedback by becoming defensive if you are criticised. The key to success is to aim for continuous improvements and feedback can play an important role. To give feedback: People will not achieve to their full potential unless they know what is expected from them and how they are performing. By learning to give good feedback you can improve staff performance and organisational performance. 3.4.13 MEETINGS Keep to the agenda: An agenda lists the items to be dealt with at a meeting. It helps the chairperson keep the meeting to a sequence, control the time and accomplish the business more efficiently and effectively. If you are the chairperson, draw up your own agenda. Never let others do it for you. A suggested agenda: 1. Open the meeting. 2. Apologies.

60 3. Welcome new members and guests. 4. Minutes of previous meeting. 5. Business arising from the minutes. 6. Correspondence. 7. Business arising from correspondence. 8. Financial report. 9. General business of which notice has been given. 10. Reports from committees. 11. Business arising from reports. 12. Other general business – with consent of the meeting. 13. Notices of motion for future meetings. 14. Announce date and time of next meeting. 15. Close the meeting. Be an efficient chairperson: If you fail to prepare for your next meeting, then prepare to fail. Before the meeting, the chairperson should: Be familiar with the constitution or bylaws. Know the minimum number (quorum) that must be present to conduct business. Know the correct voting procedures and whether notices of motions need to be given prior to the meeting (and if so how many days before). Prepare the meeting agenda with the secretary. Make sure the secretary has given due notice of the meeting to all members. Read the minutes of the previous meeting to see what business needs following up. At the meeting: Start (and finish) on time. See whether a quorum is present. Call the meeting to order – formally.

61 Keep to the agenda. Keep speakers within the rules of the meeting procedures. Preserve order and courtesy. Remain neutral during debates. Keep a sense of humour. Keep calm. Do not dominate. Call speakers in the correct sequence after they have indicated they wish to speak. Decide on points of order. Prevent irrelevant and repetitious discussion. You may appoint committees and exercise a casting vote. You should not refuse motions if they have a seconder. At the finish: Summarise and reach conclusions. After the meeting follow up and coordinate to see that things get done. Run better meetings: Meetings have an unfortunate reputation because many are time-wasters. They often last too long, are ineffective because of unclear objectives and are poorly run. Your reputation can depend on how well you run a meeting. Call a meeting only when it is necessary. Plan and prepare yourself for all meetings. Have clear and achievable objectives. Prepare and distribute an agenda. Keep to starting and finishing times. Keep control. Stop people digressing. Know the rules, give clear directions, listen carefully, summarise often and keep on schedule. Get things done. Action by whom? By when? Make the most of the talent and experience present. Review and summarise often. Record recommendations and give members responsibilities for specific tasks. Evaluate meetings. Can we do better next time?

62 3.4.14 NEGOTIATION Concentrate on reaching an agreement: Successful leaders must be skilled negotiators. They must know how to compromise and reach agreements. Here are some principles to keep in mind next time you negotiate: 1. Try to look at things from the other side's point of view. 2. Look for options where there are mutual gains. 3. Look for problems below the surface – not the obvious problems, the unspoken ones. 4. Try to separate people and personalities from the situation. 5. Always consider the economics of the various solutions. 6. Focus on mutual interests not on non-negotiable positions. 7. To gain something be prepared to give something. Hints: Do your homework thoroughly and plan a strategy. Write down what you want to achieve and your final position. Then try to do the same for the other side. Be polite and ethical and NEVER lose your temper under any circumstances. Emphasise common concerns and points of agreement. Seek information by questioning to probe and clarify issues. Use basic language where possible. Respect confidentiality of talks and asides and express appreciation for the other side's time and efforts. Weigh up and evaluate options. "These are the consequences if we do this" and "This is what will happen if we do that..." Keep discussions on track and moving. Write up issues and interests for all to see and think about. Make special effort to listen carefully, especially for hidden meanings. Jot down reminder notes.

63 Overcome deadlocks and stalemates When further negotiations seem impossible: Adjourn to rethink and consult. Review progress, stressing the positive side of negotiations. Restate common concerns. Write up issues and developments for all parties to study and think about. Consider the outcome if negotiations fail. Say honestly how you feel about the situation. Ask, "What if we do this... or that?" Be prepared to give something if you want something. Talk about positive past relationship and how both parties have benefited. State the long term benefits of an agreement and what the consequences will be if an agreement is not reached. State negative results concisely and clearly. Move to a different issue to give time to think about the consequences of an impasse. If everything fails: Set a date for another meeting and walk out. 3.4.15 ORDERS and DIRECTIVES Be clear: The days of strict orders and directives have gone. These days leaders give directives to teams by requesting or suggesting action and focus on organisational goals rather than on their own objectives. Make sure your instructions are clear, simple and unambiguous. Use active, specific and familiar words. With verbal instructions ask the employee to repeat the order, so there are no misunderstandings. With complex instructions write them out first to get your own ideas clear. Give appropriate staff a copy. When they have had a chance to study them, be available to answer any questions and discuss points raised.

64 3.4.16PROBLEM SOLVING Look for alternatives: Find out the real problem. It is not necessarily the obvious problem. There may be historic or personal considerations. (Look out for clues to problems in an organisation such as an increase in absenteeism, uneven production and lateness to work) Analyse the problem: Don't make a snap decision about the cause of the problem until you have looked at all the symptoms. Don't rush into defining the problem and trying to solve it immediately. Ask "Who, what, why, where, when, how and how much?" And keep asking "Why?" and "What if...?" Don't blame people; look for weaknesses in systems. List all possible causes not just the symptoms. Get the facts, then define the problem. Define the problem: The problem should be defined and stated in short and precise words. The statement should be clear and unambiguous and the results should be able to be measured. How will we know when we have overcome the problem? Brainstorm for possible solutions: Use brainstorming and lateral thinking. Discuss and examine every idea for immediate or future use. Call in experts, look at the problem from different angles and have informal discussions with staff. Discuss alternative solutions: Consider several possible solutions. Evaluate each solution before you choose the best solution. It may not be ideal, but it could be the one that is least undesirable! Implement the decision: Explain what has to be done and involve the staff concerned. Set up a timetable and plan the action required to implement it. Decide who does what by when. What will be the implications? Consult people who will be affected by the decision to gain their support.

65 3.4.17RAPPORT Ways to establish a rapport with a person: To start a conversation with a stranger it is necessary to go through a kind of ritual. The ritual will vary between races, sexes and the status of people. Here are some basic principles that will help you establish a rapport, in most situations. • Ask yourself why you want to start a conversation with a person? What is your purpose? • Get the person talking. Find a common bond of interest. The weather, the temperatures, or the environment are common starting points. • Try to put the person at ease. Once you have gained the confidence of the other person start asking open-ended questions to find out their interests. "Do you live around here?" "Do you often come to the football?" "Who do you think is going to win?" • Listen carefully; observe the body language and the dress of the other person. Their clothes may tell you something of their lifestyle or interests. Show an interest and try to build the other person's confidence in you. • Be friendly and natural. Don't argue or monopolise the conversation. • Try to mirror their behavior, language and views. • Once you have established a rapport and found common interests you can ask questions and get information you may not have been able to get before. • Know when to finish the conversation. End on a positive note in a friendly manner. "Thank you. I enjoyed our meeting and hearing your views. I hope we meet again soon."

3.4.18STRESS Reduce tension and worry: When your body tells you are under stress, it is time to review your lifestyle. Try to think through the causes of your stress. They may be pressure of work, a difficult boss, marital problems, financial worries, peer pressures or other reasons. Before you make any vital decision, try to go for a relaxing holiday – forget about work for a while. Be prepared to reorganize your lifestyle. You may need to change your environment – your job, your town or city. You may need to get away from your peers if their social pressures are too great. You may need to change your accommodation if it is unsatisfactory or too far from your work.

66 Make time to relax. Take control of your life and plan time for periods of leisure. Exercise regularly. If you are not an active sportsperson, follow a sport you enjoy watching. Get out in the fresh air. Make an effort to have fun. Do more of the things you enjoy doing most. Keep healthy. Make sure you have a sensible, healthy diet. Learn relaxation methods to ease tense muscles. Aim for moderation in all things. Ways to overcome stress Review your private life: If you have a job you don't enjoy or are in an unsatisfactory relationship look for other alternatives. Try to socialize regularly and maintain a network of friends. Maintain interest apart from your work. Talk about your problems and feelings with someone you can confide in. Give and receive affection. Make time for things you really enjoy. Practical solutions: Plan and organise your time better. Set limits to what you are prepared to do. Learn to say "No" if people make too many demands on your time. Have fun. Enjoy your work. Try not to take your work too seriously. Share the burden of responsibility with others in your organisation. Don't become a perfectionist. Set a high standard and when that is reached, move on to the next task. Learn to delegate tasks to people you can trust. Have a hobby or a sporting interest. Play cards or board games, bowls or pool for pleasure. Take up gardening. Enjoy good relaxing music. Join organisation such as a drama club, music group, film club, gardening club etc.

67 Go swimming, tramping, skiing or engage in similar outdoor activities. Watch television for relaxation. Personal responsibilities: Make sure you get enough sleep. Exercise regularly. Eat the right foods (Your diet should include plenty of fruit vegetable and complex carbohydrates. Reduce the intake of fats, sugar and salt.) Have a good breakfast. Eat moderately – don't have large meals. Watch your weight. (Try to maintain an acceptable weight for your age and height.) Preferable, no smoking. (If you are a smoker, reduce the number of cigarettes and seek help to overcome this addiction.) Restrict your intake of coffee and alcoholic drinks. 'Moderation in all things' is good advice to follow. Have regular medical and dental checks, and eyesight and hearing tests if necessary. Look beyond physical causes of stress: Reflect on the spiritual side to life. Develop a sound philosophy based on qualities such as honesty and sincerity. Plan a quiet time each day to think and read, meditate, practise yoga or Tai Chai. Go for walks to relax, to think and for exercise to help you sleep. Be optimistic and enthusiastic about your work and life. Look for the good in people. Be friendly, compassionate and helpful. If you fail to overcome your stress problems seek counselling and professional advice. There are some excellent stress management programmes so don't hesitate to ask for help. Overcoming stress at work: To help overcome work-related stress, make an effort or get organised. Read Chapter One and try putting some of the recommendation into practice. Here are some basic principles: 1. Plan your work thoroughly. Allow time for interruptions and thinking time. 2. Learn to decline jobs when people ask you to take on extra duties.

68 3. Delegate responsibilities to people you can trust. (See the section on 'Delegation') 4. Set realistic goals and objectives. Many people make the mistake of being too ambitious. 5. Solve problems as soon as you have all the facts. Learn to make decisions quickly. Don't procrastinate! 6. Meet deadlines early so there are no last-minute panics. Eliminate perfectionism. 7. Learn to handle pressure and emergencies calmly. Try to control your anger when provoked. 8. Work hard for limited periods. Try to complete what you have planned for each day. Do not take work home! 9. Plan for breaks during the day. Don't work through your lunch time. Get away from the office – go for a walk or a jog. 10 Ways to reduce your stress: 1. Organise yourself and plan your work and leisure. 2. Make decisions quickly and meet deadlines early. 3. Delegate responsibilities to people you can trust. 4. Take time out to get your work in perspective. 5. Reward yourself when you have done a good job. 6. Learn to relax and control your anger if things go wrong. 7. Keep healthy with a balanced diet and sensible exercise. 8. Set aside time each week for leisure and things you enjoy. 9. Balance your lifestyle. Be moderate in all things. 10. Be aware of what your body is telling you. Seek help if necessary. 3.6.19 THINKING TIME Make time to plan: Successful businesses are based on ambition, imagination and planning. They create a work environment for people to think, plan and experiment with new ideas. Good ideas need to be well thought through – they need 'incubation' time.

69 People involved in management, research and many other careers need time to be alone, time to think and space to try things out. Make time to think: • Slow your pace down. • Plan each day and set aside a time to read and think • At the end of the day, plan the following day's programme. • Get up early so you have time to exercise, go for walk or at least have a leisurely breakfast. • Arrive early at work, when things are quiet. • If you have a difficult project, research the subject and make notes of your ideas. • Turn off your pager or cell phone when you are thinking and planning. To help you think clearly: • Meditate or practise yoga or tai chi to help you relax. • Listen to soothing music. • Take a relaxing holiday. • Go fishing, tramping, climbing or swimming or relax away from crowds and the pressure of work. • Attend learning workshops, study groups and seminars to hear about new ideas. • Travel to other places to see what others do. This allows you to think and to get your life in some perspective. • Make time to enjoy your family and think about their future.

3.4.20 TIME-SAVING TIPS Be efficient in the office Good working habits can save you much time and effort. • Are you sure you know what your job really is – your responsibilities and your duties? If you are not sure, get them redefined. • Take a check on your work load – list unessential jobs and time-wasting procedures. • Become conscious of time, without undue anxiety. • Constantly plan your work.

70 • Strive for goals and objectives. • Look for techniques that best suit your style of work. • Cut 'red tape' to the minimum. • Identify your peak working hours and use them well. • Commit yourself to responsible tasks. • Try to get your priorities right – important jobs first. • Practise making fast decisions. • Don't become a perfectionist. • Sift and sort inward mail fast, into priority order. • Action a letter the first time you pick it up. Try to respond to all messages within 24 hours of receiving them. • Keep model letters for routine replies. • Learn to dictate. • Computerize lists for commonly used addresses. • Index frequently used fax and telephone numbers. • Keep your desk clear of clutter. • Don't file useless information. • Develop a reliable filing and bring-up system. • Try to complete one job at a time. • Don't put jobs off – complete them as soon as you have facts. • To overcome procrastination, break big jobs into segments, set deadline, tell people about them and start. • Develop systematic habits. • List working procedures, rules and policies to be followed. • Learn to read fast and efficiently. • Identify information-rich sources and use abstracting and review service. • Use checklists and reminder lists.

71 3.5 SUMMARY Time Management is concerned with the activities, concepts, and techniques employed in deriving the best ultimate value of every rupee spent in the management of resource. The term Time Management is more applicable today because of equal emphasis on providing and securing a larger measure of prosperity and happiness for the working people.

3.6 QUESTIONS FOR SELF-STUDY 1. Why is time management is such a powerful tool for success in today's workplace? 2. Describes why, where and when you can use time management techniques. 3. How would you cope with the increasing pressures of modern business? 4. Develop checklists and guidelines to act as reminders for managing time

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UNIT-4 : CAREER OPPORTUNITIES IN PEOPLE MANAGEMENT Structure 4.0 Objectives 4.1 Introduction 4.2 Acquiring Professional Qualification 4.3 Frequently Asked Interview Questions 4.4 Personal Qualities 4.5 Functional Areas of Work 4.6 How to Gain Experience in Human Resources 4.7 Career Opportunities 4.8 Steps for Developing a Career in Human Resources 4.9 Increasing Scope, Roles and responsibility of HR Jobs 4.10 Summary 4.11

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OBJECTIVES After reading this unit, you should be able to; • Understand the

professional qualifications required to make a career in people management. • Develop personal qualities required of a human resource manager • Know the frequently asked interview questions • Describe functional areas of people management • Understand how to gain experience in human resources • Highlight the steps for developing a career in human resources • Examine the career opportunities keeping in mind the increased scope, roles & responsibility of HR jobs.

4.1 INTRODUCTION The field of People Management focuses on achieving corporate strategy through the effective management of people in organizations. It examines the link between people, satisfaction, and productivity. Effective People Management results in a higher quality of work life, higher productivity, and an improved readiness for change. The role of the human resources manager within a corporate environment has been undergoing rapid change. In the past, personnel managers served primarily as administrators, policing and maintaining the organizational status quo. However, the role of the modern human resources manager has become more ambiguous, shifting in the direction of business partner, employee champion and change catalyst, and focused on strategic leveraging of human capital. The human resource manager's role is also moving toward one of internal consultant in order to help line and upper-level managers better manage their people. Strategically applying/utilizing the various disciplines within human resources in order to cause organizational change and add value is often referred to as "change management." Change management is commonly defined as both a) the set of skills and aptitudes an individual needs to successfully initiate and implement change, and b) the applications of tools for change (e.g. training, communication, process re-design, etc.) in adding value to an organization. HR professionals are increasingly being asked to develop the personal skills and attitudes for implementing change as well as a technical understanding of how to apply the tools for change. While corporate HR managers often

74 deal with change management issues as a subset of their responsibilities, most of the opportunities that focus almost exclusively on change management are in consulting. In the past, HR management positions were primarily held by people with master level degrees in organizational design, human resources management, organizational psychology, etc. However, with the shift of attitude toward people in organizations, it has become very important for HR managers to have a strong business background, as well as clear strategic and financial experience. This is why companies are now hiring MBA candidates for HR positions. It is well known that students with backgrounds such as accounting, finance and marketing have been successful making the transition to human resources due to the need for HR professionals who can "speak the language" of business, but people with other non-traditional business backgrounds are also sought for their creative skills and general flexibility. Many MBAs interested in human resource positions have no experience in the field. The key for these students is bridging their previous experience with the qualifications and skill sets of the HR function. Companies interviewing for human resources positions expect students to have clearly articulated reasons for transitioning to human resources. Understanding current strategic human resource issues and the language associated with them is essential. BBAs will most likely have to take an entry-level specialist position or an intermediary step before moving into a generalist position. However, strategically positioning the appropriate intermediary step is important for the graduating BBA to increase the opportunity to transition to a higher-level strategic role.

4.2 ACQUIRING PROFESSIONAL QUALIFICATIONS After completion of undergraduate course in any discipline, a postgraduate qualification in Human Resource / Personnel Management discipline is required for pursuing a career in HR profession. To get admission in PG course one has to undertake the entrance exam like CAT, MAT etc which follows Group Discussion & Personal Interview. These days Master of Business Administration (MBA) has become the most sought after qualification. Various specializations are offered in MBA or post graduate Diploma courses in Management of which HR/Personnel/IR is also one. Specific Postgraduate management courses in HR or Personnel Management are like MBA (HR). A post graduation qualification in social work or industrial psychology may also help in building up a career in HR. In some of the organizations a degree in law combined with a post graduate qualification in HR is considered as an additional advantage. In the last

75 few years many institutions /universities offering Bachelor of Business Administration (BBA) or Bachelor of Business Management (BBM) courses in which HR is also taught. But these graduate degree qualifications are not considered sufficient to build a career in HR. The graduate degree courses should be followed by a post graduate qualification for two year regular / three year part time management courses. A diploma / degree course in HR with duration of two years is required to make the career in HR profession. Several institutes / universities offer the courses in HR, on regular basis for two years and on part –time / distance based education for three years. The part time or distance education courses are preferred by working employees , obtaining these qualifications has some advantages to the working employees like weightage in promotion, additional increments, career growth etc. it also varies from organization to organization. The degree in Law is also preferred in the HR profession along with the post graduate degree / diploma in HR/PM/IR and has some added advantage in building high end career in HR profession. As a matter of fact some public sector undertakings insist on a two years full time qualification for HR openings with them. After having postgraduate diploma /degree in HR/Personnel Management/IR one can enhance his skills in the specific areas of work in HR like possessing Diploma in Training & Development. nfact, Premier nstitutes/Universities offering HR Courses include Xavier Labour Relations Institute (XLRI), Jamshedpur; IIMs; Tata Institute of Social Science (TISS), Mumbai; Management Development Institute (MDI), Gurgaon; Faculty of Management Studies (FMS), Delhi University; ICFAI; IMT, Ghaziabad and universities like Kurukshetra University, Kurukshetra; Guru Jambheshwar University, Hisar; Aligarh University, Aligarh; GNB Garhwal University, Srinagar (UK); GurukulKangriVishwavidayala, Haridwar; Lucknow University, Lucknow and many more universities offer MBA in HR discipline. Research studies in HR subjects can be pursued at IIMs as well as in other universities/ institutes. IGNOU, New Delhi, Sikkim Manipal University, Symbiosis Management Institute, Pune and several other universities /institutes are offering MBA under distance learning mode.

4.3 FREQUENTLY ASKED INTERVIEW QUESTIONS

1. Why are you interested in HRM?
2. Why HR at my company?
3. How do you view the future of the HR function?
4. What are your career goals?

5. Why are you doing an MBA and looking for an HR position?
6. What value does a Michigan MBA add to my HR function?
7. How do you feel about the idea of being the “unwanted” participant in meetings?
8. How would you influence someone who was at first resistant?
9. Give me an example of your leadership style.
10. Give me an example of when you helped someone succeed.
11. Tell me about a time when you had to give someone difficult feedback or when you received difficult feedback.
12. Tell me about a time when you failed. What did you learn from this?
13. Give me an example of how you applied what you learned.
14. Give an in-depth summary of specific jobs you have held.
15. What qualities/characteristics should a HR representative possess?
16. What particular area of HRM is most attractive to you?
17. What particular area of HRM is least attractive to you?
18. HR is often viewed as a support function out of the mainstream of company decision- making; how do you feel about this?
19. Why is HR important to a company?
20. What do you see as your role in the corporation?
21. Do you see yourself as more of a generalist or a specialist?

4.4 PERSONAL QUALITIES

Apart from professional qualifications some extra skills can help a person to be successful in HR functions. The HR professional should have three qualities 1) a good human being, 2) a good citizen of the country and 3) a good leader. An HR professional should be a good listener and a good decision maker. Possessing excellent communication and interpersonal skills can help in interaction with the people and solve their problems easily and boosting the morale of employees. Being a good judge of competencies and personalities certainly helps, especially during recruitment and promotion processes. Ability to work under pressure is also a requirement. An HR professional should understand the demands of the

77 organization and be able to anticipate the future requirements to formulate policies for short and long term. An HR professional is expected to have an eye for details and also the ability of understanding the big picture.

4.5 FUNCTIONAL AREAS OF WORK

The main areas of work in HR function are:

- Recruitment and Selection:** Involves preparing job descriptions, attracting people with right qualifications and skills, with right mind set and attitude.
- Manpower Planning:** Assessing the present and future manpower requirements in the organization, succession planning and career planning. This area is very important in which the future strength of the organization lies.
- Human Resource Administration:** Defining organization's HR policies and procedures and implementation thereof
- Compensation and Benefits:** Determining salary structures, employee perquisites etc, covers health, security, safety, terminal benefits, and employee welfare facilities. This area is very important for retaining the talent in organization.
- Industrial Relations:** Promoting healthy relationship between management and employees associations, addressing employees' concerns, taking care of legal issues in the labour courts / labour commissioners.
- Training and Development:** Arranging employee orientation programmes and providing technical skills and behavioral training to employees for effective performance. This area is very important for career progression of an individual in the organization.
- Performance Appraisal:** Reviewing performance appraisal system of the employees from time to time using the assessment information for the purpose of trainings, promotions, and incentives etc. Using right tools & techniques to measure the performance of the employees in order to develop the sense of confidence in the employees and bring transparency in the system.

Beyond these regular roles, HR function in an organization is now actively involved in issues like talent management, initiatives to retain the talent, building brand image, improving work culture and transforming learning and managing within the organization.

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4.6 HOW TO GAIN EXPERIENCE IN HUMAN RESOURCES

Human resources (HR) is a broad field. HR professionals design compensation programs, administer benefits packages, ensure employee safety, hire and fire employees, provide training to employees and managers, and communicate critical information company-wide. In a field that covers so many different disciplines, some HR professionals need help finding ways to get started in their careers or expand their areas of expertise. Here are some tips on how to gain experience in human resources.

1. Find an internship in an HR department. Since internships are meant specifically for people to gain experience in a field, they're the first step for many people who want to learn more about human resources. Because there is a great deal of administrative work in HR, many large and mid-sized departments regularly hire interns to help.
2. Look for work with your current company. If you're currently employed, there may be projects going on in your own company's HR department that need staffing. Contact your HR representative and ask whether you can help. Not all projects involve confidential data, so you might be able to gain hands-on HR experience and learn more about your company in the process. If you already work in a division of your company's HR department, volunteer to help out in other divisions. For example, if you work in the benefits department, you might offer to help the recruitment department interview candidates at an upcoming career fair.
3. Volunteer for a nonprofit organization. Many small nonprofit groups do not have dedicated HR professionals, and there are no special credentials required to practice HR. If you're willing to work for free to gain HR experience, volunteering can help you gain exposure to higher level work than you might find in an entry-level HR job.
4. Consider taking an administrative support job in human resources. Because HR is a field with a great deal of paperwork to process, there are usually a number of administrative positions in personnel departments. Many people seeking careers in human resources overlook these entry-level roles, but the people who fill them often are promoted over time. Many HR leaders started out as file clerks or receptionists.
5. Work for a staffing company. Agencies that place temporary personnel can be a great way to gain experience in areas that overlap into HR. Staffing companies evaluate, interview, hire and place large volumes of candidates, and experience in these areas can position you for a corporate recruiting position in a larger HR department. Unlike HR departments, staffing agencies frequently hire people from sales positions or recent college graduates, and usually do not require HR experience to get started.

79 6 Join an organization for HR professionals. Networking with other HR professionals can help you find entry-level opportunities that you might not find elsewhere. Many open positions are not advertised, but are filled through word-of-mouth. Joining a professional association and attending meetings and other networking events regularly will help you meet people who are filling HR positions. Most HR organizations hold an annual conference, which is another opportunity to gain exposure to HR professionals and learn more about various topics in the field. 7. Pursue certification. The Human Resources Certification Institute (HRCI) offers 4 types of certification: Professional in Human Resources (PHR), Senior Professional in Human Resources (SPHR), Global Professional in Human Resources (GPHR), and certification for HR professionals in the state of California (PHR-CA and SPHR- CA). The Society for Human Resource Management offers extensive educational opportunities, including preparation courses for the various levels of certification. 8 Network online with people in HR. There are numerous blogs, Facebook and LinkedIn groups, Twitter lists and other online networking opportunities available for people who want to connect with others in the profession. Many HR associations now offer online networking opportunities as well, which allow you to connect with hiring professionals outside your geographic area. The Society for Human Resource Management, for example, has a members-only section of its website called "HR Talk," which allows members to discuss a variety of HR-related topics. 9 Be open to starting out in different disciplines within HR. Human resources is a profession with a broad subset of areas, from compensation and benefits to recruiting to labor relations. Most HR professionals (especially those who rise to an executive level) spend time in several of these areas at some point in their careers. It's generally easier to find work in benefits in the fall, when HR departments are getting ready for open enrollment. Recruiting departments tend to be busiest at the beginning of a fiscal year and after the holidays, when hiring picks up, so those are the best times to volunteer to help. Compensation departments typically have a set cycle for reviewing organizational pay practices, so determining what that time frame is will help you choose the best time to offer your services in order to gain experience.

80 4.7 CAREER OPPORTUNITIES Management of human resources is a vital part of the organization of any business, large or small, of any kind. As a result, a variety of jobs have been created in that field. And many persons are eager to find work in human resources- careers that can help them develop and improve their skills in working with other people. Here is a description of five possible human resources jobs. 1) An Employment Service Manager directs the process of recruiting and determines effective, proactive strategies for it; consults with the senior- level staff members about needs regarding recruitment and staffing; plan the development of their employees' skills, thus enabling them to perform their tasks more efficiently; and figure out ways to improve success and performance, using workforce metrics. They also manage pre-employment processes, transfers etc. 2) A Human Resources Generalist manages the office's day to day activities. He handles such things as staffing and recruiting logistics; the development of the organization; communication and relations among employees; their health and safety; the facilitation of committees throughout the company; and employee services. As a member of the training crew, he also aids in setting up performance development plans. In the area of computers, the HR generalist also manages recruiting and company information on the Internet; maintains databases relating to employees; and makes use of company software. 3) An HR Coordinator, as his title indicates, coordinates the work done in his business's HR department. He conducts "Employee of the Year" awards, service honors, and the like, and takes care of the budget requirements of such functions. He keeps detailed records of employee turnover so as to make it easier to retain workers. He may help supervise the clerical staff and volunteers, and on occasion attends business conferences, where he acts as an HR representative. 4) A Recruiter is the first company member that a prospective employee meets with. He conducts interviews with such people and also maintains a record of employees, both current ones and those seeking to join. He may even initiate contact, phoning people and convincing them to work for the business. 5) An Administrative HR takes care of in- house employees. If there is a problem with regard to the work, this person is the first to hear about it. He familiarizes recently hired employees with the company's ways of doing things, and mediates conflicts between supervisors and subordinates.

81 To qualify for any of these careers, a candidate must have a bachelor's degree and take HR courses in college. These courses involve studying employment laws, accounting budgeting, and other subjects related to the field. Computer skills include familiarity with Microsoft Word and Microsoft Excel and with database management. One also needs to have well-developed interpersonal skills. Some companies prefer to hire candidates with backgrounds in liberal arts. There exist several internships that can help a person gain experience in human resources; they may involve conducting research and job analyses, providing office support, and writing employment advertisements. In HR profession you may have a career that offers good working conditions, excellent remuneration, good career growth opportunities and rewarding work. Every large and medium size organization keeps a fully functional HRM/HRD/Personnel department managed by HR professionals. With adequate qualification in HR you may be part of such a team. Public Sector companies recruit Executive / Management Trainees in various management fields at entry level in the organization in Executive cadre for grooming them into professional managers. This includes management trainees in HR as well. In public sector banks HR professionals are recruited as specialist officers in Junior Management Grade Scale-I. The Public Sector Banks (PSBs) have the huge potential/scope for HR professionals. The HR profession is still fighting for its proper recognition in the banking industry whereas it is well established in PSUs and now the PSUs are reaping the fruits by sowing the seeds well in advance. Those interested in a career in consulting may join a management consultant or HR consultancy firm or a freelancer consultancy. There are a number of placement and recruitment agencies which offer good opportunities for HR professionals. Here the job would be to understand manpower requirements of organizations and finding suitable candidates matching these requirements. Such search agencies operate at regional, national and global levels. A career in job portals may also be explored. If you are academically inclined there are opportunities to teach HR related subjects at universities, colleges and management institutes. You may pursue a research oriented career as well. Trainees in HR subjects are in great demand. Their role is considered important in making employees motivated, developing managerial and leadership competencies and teaching soft skills like communication, business etiquettes etc. A trainee may freelance or may join some training agency. With knowledge, experience and expertise in HR one may work as a coach, mentor or counsellor also. In social and non-governmental organizations (NGOs), there is a good demand for HR professionals. Software companies are in need of HR domain experts. Thus job

82 opportunities for HR professionals are varied and exciting. HR is a key component of an organization's senior and top management team. No corporate policy can be complete without contribution from HR. The strategic HR plays a very important role in strategic alliances at corporate levels and in mergers & acquisitions.

4.8 STEPS FOR DEVELOPING A CAREER IN HUMAN RESOURCES

Human Resource Strategy Consulting (also known as Change Management or Organizational Strategy Consulting) is a relatively new and rapidly growing field. It is focused on assisting companies in orchestrating major organizational changes. These professionals specialize on the people aspects of organizational transitions that often come in the wake of changes in strategy, process redesign initiatives, systems implementations and merger integrations. The role involves the utilization of all the human resource tools mentioned above to assist organizations in managing the change. The projects might include efforts such as:

- Organization and job redesign
- Communications strategy development
- Recruitment and selection strategy development
- Training needs assessment and strategy development
- Performance management and compensation redesign
- Restructuring and workforce reduction and consulting initiatives

HR Strategy Consulting roles exist within large consulting firms, HR niche consulting firms and small • Boutique consultancies

Career Search Step #1: Conduct Self-Assessment

Professionals in human resources distinguish themselves from many other business professionals by their strong interest and skill in counseling and mentoring others, as described in the CareerLeader profiles. Human resources employees are very interested in service, and need to have excellent diagnostic and listening skills. They often work as internal consultants and help managers better manage their staffs. In addition to functional competence, human resource managers need an understanding of internal and external business conditions, understanding of human behavior, strong communication skills and flexibility. Creativity is also an important skill, as the human resources function

83 often needs to develop new solutions or new approaches to traditional ways of looking at business issues. The human resource manager has the unenviable task of balancing the individual needs of the employee with the business needs of the organization while trying to minimize cost and increase productivity. This is an unavoidable and ongoing tension between the role of employee champion and business advocate. Companies are increasingly realizing that the HR department is the link between current/potential employees and the company's business strategy. For this reason, HR recruiters look for a variety of skills, such as:

- Strong problem solving and analytical capabilities
- Excellent oral and written communication skills, including the ability to communicate with and influence all levels of management and employees
- Strong process and project planning skills
- Working knowledge of all areas of HRM
- Broad exposure to business issues and functions
- Team and leadership skills
- High level of intensity/energy
- High ethical standards
- Flexibility
- Self-assurance

Depending on the company, individuals pursuing careers in human resources management may be offered lower compensation than other functional areas. HR is not a profit-generating function, and greater compensation may be reserved for the most senior level HR managers. However, this is starting to change as companies begin to understand the strategic value of the HR function. Companies in the high-tech industry have tended to offer MBA compensation packages for HR Associates that are on par with other functional areas. Also worth noting is that internship and full-time compensation can be significantly different; some companies offer much more generous compensation packages for full-time positions than for internships. Lifestyle is another consideration for prospective HR professionals. As a generalization, greater work/life balance may be possible within the corporate HR environment vs. HR consulting, and corporate HR managers may have a lifestyle advantage over other functional areas. However, this is very company and position specific and may change as an individual moves upward in an organization.

84 Career Search Step #2: Investigate Possible Career Opportunities Larger companies recruit MBAs and some (but few) BBAs for positions such as human resources associate, generalist, or analyst. By contrast, most small and midsize companies do not have "entrylevel" HR positions since their HR departments may only consist of one or two people. It is important to understand the difference between generalization and specialization and to explore the various options within HR. The following is a list of areas and issues that typically fall within the overall HR domain:

Areas Issues

- Recruiting
- Change Management
- Compensation
- Succession Planning
- Benefits
- Generation gap issues within the organization
- Learning & Development
- Cross-cultural workforce issues
- Employee Relations
- Effective management of virtual organizations
- Diversity
- Affirmative Action Planning
- Strategic HR Planning
- Labor/Management Relations
- Merger & Acquisition Integration
- Organizational Design

The areas you will be exposed to during your career as a HR professional will be dictated by your interests and the desire to explore a career as a generalist or specialist within a company or to pursue HR consulting. Many companies who recruit at Michigan hire generalists. Some have structured programs that rotate you through a variety of

85 functional areas within a period of 1-3 years. After this initial period you will become a human resources manager of a group or division with general HR responsibilities. You may also develop interests in specific areas of HR and choose a more specialized career path. As a specialist, you may serve as an in-house consultant in areas such as organizational design or integration issues. The opportunities are essentially limitless, as there are so many different human resource needs within organizations. For BBA entry-level positions, employers usually prefer candidates who have degrees in Business Administration. A human resources professional can enter the field through different types of positions. The most common positions for entry-level professionals are analyst, assistant and training specialist. Another avenue is to become a HR generalist for a small unit of a large organization with a decentralized organizational structure. In some very large organizations, this position may be called an Associate or Consultant. As a member of a business unit or division, the Associate is involved in analyzing, interpreting, or developing HRM policies to assist local operating managers achieve unit goals, as well as personnel objectives. The other route is to become a specialized HR professional. Typically, this position is found in a large organization with a centralized organizational structure, and the duties are associated with a single HRM function. These areas include interviewing, recruiting, compensation development, labor relations, or training and development. Typically, a person with a college degree and HRM training can move up the career ladder if he or she is willing to work hard, show an ability to manage interpersonal relations, and demonstrate management capability.

Career Search Step #3: Research and Conclude on Immediate Postgraduate Employers Companies that have recently recruited at Michigan to fill corporate HR positions include: Amgen, Cisco, DaimlerChrysler, Deloitte & Touche, Exxon Mobil, General Electric, General Mills, Eli Lilly, Intel, Johnson & Johnson, Microsoft, Xerox, Merck, Target, and others. There are several firms that specialize in HR consulting that recruit on campus such as Hay Group, Hewitt Associates, and Towers Perrin. HR consulting positions are also available in the larger management consulting firms, including PricewaterhouseCoopers and Deloitte & Touche. However, most management consulting firms do not recruit on campus for these positions, so you will need to conduct an off-campus search to pursue these opportunities.

86 Career Search Step #4: Develop a Career Search Strategy Career opportunities are often available through on-campus recruiting, but many more exist if you include an off-campus search in your effort. Several key steps in the search process include:

- Conduct research. The best way to find out more about issues in the field is to look in periodicals, Journals & monthly magazines that cover the latest HR issues and provide a list of nationwide job opportunities. Management online at: www.shrm.org. Many Universities & Business Schools have helpful resources and links for their graduate program, Employment Bureaus & Library has additional resources available to assist in both the on- and off-campus search.
- Look for industries and companies that are focused on retaining people and/or that are going through major changes or expansions. These companies and industries are often seeking people who really understand business issues and are interested in the "people" side of the business. Industries that are known for strategic HR roles are pharmaceuticals and health care, high tech, and telecom.
- Join the Professional Clubs like NIPM, GMMA, ISTD, CII etc. They can provide you with the names of current students and alumni who have had full-time and/or summer experience in HR who would be happy to answer any questions you may have about HR as a career or the HR job search. The club also invites guest speakers from industry to speak to club members & also includes links to helpful HR resources.
- Attend corporate presentations. Even if a company is not specifically seeking HR candidates as they are willing to discuss opportunities with interested students – just ask! Talk with recruiters about your interests and what their company may have to offer. Ask for names of people to follow-up with inside the company.
- Contact alumni and conduct informational interviews. The Institutions & Professional Bodies maintains a list of alumni who have served as mentors to current students, and officers often know recent graduates in the field.
- Utilize Consultancy Services. CS sponsors a number of workshops, including resume writing, cover letter preparation, and interview skills. Office hours are available for counseling on all aspects of the career search and skill development process. Career consultants and staff members with experience in HR may be available to provide specific functional perspective. Also, the Human Resource Certification Institute offers examinations for the purpose of maintaining high professional standards and advancement among HR professionals. The exams are intended for those currently

87 working in the field of HR, but students and recent graduates are encouraged to become certified. 4.9 INCREASING SCOPE, ROLES & RESPONSIBILITY OF HR JOBS It is time-tested truth that the HR people often hold the most (professionally) unpopular function. They could do the most wonderful things for a company and its people, and yet get brickbats from one or another small yet disgruntled group of people. When they do things that are not perceived as great, they're low-lives in their colleagues' eyes anyway! Here are some views to remove certain misconceptions about the function and to clarify whether this is the right profession for you. Most companies larger than your average start-up will have at least one HR person. In fortune-1000 companies averaging <10,000 employees, you can expect the HR function alone to number anywhere from 300 to 8,000 depending on industry and business model. At the corporate level it's headed by a Chief HR officer, who reports to the CEO and has a seat on the Managing board of the company.... So how does one get there? Or close? What other career options do HR professionals have and how do they get there? The HR function in a medium to large corporate can be broken down into five major areas: ? Administration – payroll, facilities, catering, cleaning, offices, real estate, employee ergonomics and aesthetics, employee events, even your receptionist and office assistants are HR staff. An area few seem to care about. The tactical and administrative nature of this area makes less relevant to have a specialist HR education or experience at junior to middle levels. However, it's an area many aspiring HR leaders have to pass through as managers and directors at some point in time, to work on the little big things that keep employees happy, as well as to (occasionally) break a few bloated egos. These people are the unsung heroes of any organization. In a predominantly white-collar office environment, expect them people to have a say in matters related to employee ergonomics and services. Highly tactical and execution driven, but influential in office based white-collar environments ? Employee relations – Internal relationships and responsiveness, Industrial and socio-economic relations, particularly in unionized manufacturing heavy industries (automotive, core & heavy engineering etc..). Where the people are amongst the highest cost elements of a P&L (T / Consulting / Professional Services) and / or where labor and unions have to be dealt with, this is a super-critical area of HR. So important that it will almost always have a Director or VP level HR person leading it. Expect the Heads / Directors of these areas in companies like Reliance, TCS and the Tata companies, Infosys, L&T etc to be truly senior & competent people with 15-20 years HR experience. Extremely strategic in people oriented industries (IT / Consulting / professional services). Extremely strategic in manufacturing / engineering (blue-collar heavy work-force) ? Business Partnering – normally senior HR people attached to a major function, business group or any major initiative that requires a major organizational shift (e.g acquisition, restructuring). As functions within organizations (like Supply Chain, Finance, R&D etc) become employee oceans of their own, companies have started placing senior HR experts in functions to help business leaders stay connected with the rest of the organization and its strategy. Typically, a role like this is called a "Business Partner", is part of the functional head's leadership team, and is a key voice in all organizational aspects of that function, including strategic competency assessments, recruiting, head count management, organizational strategy and succession planning. An HR Business Partner may not necessarily have people reporting to him/her, but will normally be a Senior Manager or First Level Director in a large organization. He/she will typically report to the functional head, and be a part of that functional head's leadership team. An R&D and technology driven company like Novartis will almost certainly have a senior HR business partner in the R&D head's leadership team. A typical assignment for an HR business partner could be the regional integration of staff & management through a merger. Highly strategic in a multi-functional corporate (e.g Unilever, GE, J&J, Pfizer, Novartis, Nokia) ? Talent & compensation – recruitment, retention, compensation (strategy & delivery); what many normally associate HR with. The profile of this functional area is highly dependent on the level of competition a company faces to attract, recruit, develop and retain its talent pool. You can reasonably conclude it's the most stressful, yet prestigious sub-functional areas of HR in attrition heavy companies like Infosys, TCS or Wipro. This is a typically a large group of people who will focus on both internal and external aspects of HR. While their daily task is around conducting organizational recruiting, talent retention and compensation; these people also execute the people strategies that come out of critical functions in the organization.

89 One typical role of regional / global HR Manager / Director in this area is running end-to-end a rotation leadership program, including recruiting strategies on campus / external / open hiring, relationship with schools / institutions / head-hunters, program management, associated job rotation, and post-program placement of the recruit into one of the company's businesses. The person is normally most well-connected to functional HR business partners, and those involved with learning & development. HR Managers / Directors in the compensation management & strategy space, connected with all other HR and functional leaders – are the keepers of a company's most sensitive & confidential information, employee salaries, bonuses and benefits. As such, this is a very senior level position within the HR space. Those chosen for this assignment tend to be vetted & trained in the highest standards of confidentiality and compliance.

4.10 SUMMARY The Human Resource Management Department is known to be the heart of an organization. The HR manager plays a key role in any well established organization. This field is in the developing stage and is still facing challenges for its recognition in contribution to the business. This profession like other professions, need to be managed by professionals who play a crucial role in the growth of the organization and individuals. In the days of financial crisis and tight job market, HR profession is considered an important field. It takes responsibility to provide the human resources and becomes the strategic business partner in accomplishing the corporate goals. In the era of information technology, public sector and private sector companies have been focusing on this discipline and paying more to meet the challenges of an open market. At the strategic level the main function of HR is to develop the balancing act in the growth of the business of the company and its human capital. The HR function works like a catalyst in the organization. HR professionals act in the organization as a middleware between the management and the employees. The objective of HR professionals is to develop a positive and healthy working environment to increase the productivity and job satisfaction among the employees.

90 4.11 QUESTIONS FOR SELF-STUDY 1. What are the professional qualifications required to make a career in people management? 2. What personal qualities should you develop to become an effective of a human resource manager? 3. Describe functional areas of people management. 4. Explain the ways to gain experience in human resources domain. 5. Define the steps for developing a career in human resources. 6. Examine the career opportunities keeping in mind the increased scope, roles & responsibility of HR jobs. 4.12 REFERENCES 1. Ansari M.A. Managing people at work, New Delhi: Sage publications, 1990 2. K. Ashwtappa. Human Resource Management- Text and Cases, Bengaluru: TMH.2010. 3. Stephen P Robbins. Training in interpersonal skills – tips for managing people at work, Noida UP: PH. 2012. 4. Rosemary Thomson. People Management, Hyderabad: University Press (ndia) Ltd., India.1990. 5.

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UNIT - 5 :INTRODUCTION TO HR STRATEGIES Structure 5.0 Objectives 5.1 Introduction 5.2 Meaning and Definition 5.3 Human Resource Planning Process 5.4 Factors Affecting Human Resource Planning 5.5 Sources of Information for Manpower Planning 5.6 Human Resource Planning Models 5.7 Human Resource Forecasting Methods 5.8 Workforce Planning 5.9 Summary 5.10

Self Assesment

Questions 5.11

References

6 5.0

OBJECTIVES After studying this unit, you should be able to; •

Explain

the

importance, characteristics and types of

personnel policies • Discuss the need, scope and process of HR planning • Analyse the purpose and use of job • Compare job description and job specification • Describe the importance of career and succession planning

5.1 INTRODUCTION

Human Resource Planning is the business process for ensuring that an organization has suitable access to talent to ensure future business success. Why is human resource planning so important to your business? Let's say, you have 100 employees and 10 of them are inefficient. That is 10% of your workforce. These incompetent few slouch around, upsetting other workers and disrupting the work environment. Say their productivity is reduced by 15 percent - a conservative estimate when you have a few trouble making staff. A 15 per cent reduction in productivity per person times the number of people equals how much? The other issue is demand and supply. Business keeps growing, in one case you may have abundance; in another case, there is a shortage of the required skill. Can you do without the desired numbers? Who will take that extra load? If you need the desired number, you may have to bridge the gap by training or developing skills. If attrition is high, how do you plan the workforce? Human Resource Planning and Manpower Planning are used synonymously. Human Resource Planning is a process by which the organizations move from the present human position to its desired human resource position, in order to carry the integrated plan of the organization.

As reported in the Second National Commission Report on Labor Report, the following rights of workers have been recognized as inalienable and a must. Therefore, the following should be kept in mind while doing Human Resource Planning. These accrue to every worker under any system of law and policy. •

Right to work of one's own choice • Right against discrimination

7 • Prohibition of child

labor • Just and humane conditions • Right to social security • Protection of wages including

right to guaranteed wages • Rights to redress of grievances • Right to organize and form trade unions and right to collective bargaining • Right to participation in management

Organizations have to be conscious of the legal framework which may be different sector wise and even state wise, with regard to the law enforced. The Haryana State Government has taken an initiative to make BPO and call centre safer for women. At least 10 per cent of the employees working at night are women. Compliance with revised security guidelines is essential for annual renewal of permission to employ women at night. Companies can engage security escorts from registered agencies only should maintain a record of the movement of guards and women employees.

5.2 MEANING AND DEFINITION

Human resources planning is a process that identifies current and future human resources needs for an organization to achieve its goals.

Human resources planning should serve as a link between human resources management and the overall strategic plan of an organization.

The ongoing process of systematic planning to achieve optimum use of an organization's most valuable asset - its human resources.

The objective of human resource (HR)

planning is to

ensure

the best fit between employees and jobs, while avoiding manpower shortages

or surpluses.

The three key elements of the HR planning process are forecasting labor demand, analyzing present labor supply, and balancing projected labor demand and supply.

5.3 HUMAN RESOURCE PLANNING PROCESS

Human Resource Planning process includes job analysis, developing work rules, work study, analysis of other factors of production and performance, leading to deciding the model and its action plan. Human Resource Planning has a number of steps to follow as discussed below:

8 Step 1 Job Analysis Job analysis determines the nature of job, the

Job Description and Job Specification are products of Job Analysis Job description

covers the job content, i.e. condition, tasks and responsibilities. Job specification denotes the job requirements, i.e. the necessary qualities. Once job specification translates the job description into qualifications required for the job, the Job Analysis is done. This is discussed in the chapter on 'Job Analysis and Job Design' in detail. Step 2 Developing Work Rules After developing Job Analysis, work rules are developed. Work rules are decisions taken for a particular job about certain courses of action to be taken in case of contingencies. Work rules is a documented form of rules related to starting and stopping of work, intervals, time-keeping, insubordination, report of injuries, customer handling, etc. Step 3 Work Study Work study provides measurement of human work, effective ways of doing the task, standard time for tasks and activities, and use of human efforts. Step 4 Analysis of Other Factors The next important step of Human Resource Planning is analyzing other factors like layoff, statutory requirements, shifts, and leave reserves. Requirements of Human Resource Planning may vary for the layoff depending upon the machines, tools, equipment and possibility of stretching the work of other employees. The HR manager has to look into the statutory requirements for certain positions like medical, safety welfare and specific positions, hazardous plants, etc. Step 5 Analysis of Performance We derive the manpower required from the workload in relation to the number of employees. Different categories of jobs have different workloads leading to different manpower requirements. Performance is analyzed through direct or indirect method. Direct Analysis is based on a review of past performance, deriving at a ratio between two variables, workload and job category. Step 6 Analysis of Production It depends upon technological change and utilization of manpower. Changes in technology increase the productivity, speed and quality, but may require training. The requirement of knowledge and skill may vary with the change in technology. In banking

9 sector, with the introduction of computerization, the workforce was trained and schemes of VRS were introduced as a part of manpower planning with respect to number and skills. Step 7 Deciding the Model Once the number of workforce is ascertained, the most suitable model of Human Resource Planning is adopted. Various models are discussed later in this chapter. Step 8 Action Plan Human Resource action is taken for hiring, training, career management, production programme or reduction as the case may be. The Human Resource Planning process consists of a series of activities: 1. Forecasting future human resource requirements. Forecasting can be done by mathematical projections of trends in economic environment, development in industry or estimations base upon the specific future plans of a company. 2. Assessing the extent to which human resources are employed optimally. This is done by studying the inventory of the present manpower resources. 3. Comparing the anticipated

problems by projecting present resources into the future with the forecast of requirements to determine their adequacy both quantitatively and qualitatively. 4.

Planning

to meet the future manpower requirements through recruitment, development and utilization of the existing manpower.

5.4 FACTORS AFFECTING HUMAN RESOURCE PLANNING Human Resource Planning is affected by long range and short range factors that impact the business. There are both long term and short term factors that affect Human Resource Planning: Long Range Factors 1. Long-Range Business Plan In the case of mergers and acquisitions, or change in product segment, business location, expansion or any other long range business plan, the human resource requirement will have to be revisited. In case the organization decides to go for nanotechnology, the action required in the present is to ensure a supply of experts in 2-5 years from now.

10 2. Demographic The overall rate of growth of the labor force fluctuates from decade to decade. Education, skills and growth in economy ascertain the percentages. Growing population in Asia, India and of the Asians in US are projecting the changing trends in demographics. 3. Economy The vicious circle of prosperity to recession and from recession to prosperity is a challenge for HR planner. Economic predictions are not accurate, but while taking decisions, the level of economic activity gives projection on job opening and projected availability of workforce. 4. Technological Trends Technological advancement had a definitive effect on job computerization. As we have discussed earlier in the chapter, it has brought a major changes in work all over the world. General Motors used 'sighted robots' to recognize different automobile bodies and paint the parts. General Electric replaced almost half of its assembly line workers with steel collared worker. 5. Social Trends The reservation bill in India and the universal percentage of reservation is setting new trends for today and future. This will have a long-term effect on the kind of workforce. Another emerging trend is dual couple career, and long hours of work life balance. 5.5 SOURCES OF INFORMATION FOR MANPOWER PLANNING A population census is the primary source of information for any manpower planning. It gives the total count of a country's population along with valuable statistics on the personal and economic characteristics of the present, thus, enabling future projections. Personal data includes age, sex, education, geographical location, marital status, etc. Analysis of such a composition, distribution and structure of the population helps in estimating the future manpower supply. Information on occupation, industry and migration indicates the economic characteristics of the workforce. Data on economic characteristics, cross classified by age, sex, educational levels and other personal characteristics, provides a picture of the composition and quality of the current and potential workforce. Census survey report is released every tenth year. The other sources of information, which supplement the requirements of Human Resource Planning, are: Job Analysis Job Analysis provides information related to job identification, job specification, job characteristics, job assignments, simplicity and complexity of task,

11 equipments needed for the job, nature of operation, personal attributes like experience, training, mental and physical capabilities, other skills and job relationship. 1. Labor Force Sample Surveys To generate information on the activity status of the population during a specific time frame by gender, age, employment status, salary, geographical distribution, industry distribution, occupation, education, etc. 2. Establishment Surveys To generate information on the workforce in an establishment of the country and in each major area, classified by the type of economic activity, occupations, education, age, gender, salary, and work hours. 3. Household Surveys Such surveys provide information on the employment, consumption and savings, activity status of household, members classified by gender, age, marital status, geographical distribution, occupation, education, household income and expenditure. 4. Industrial and Agricultural Surveys These generate information on employment in industry and agriculture, in relation to volume of production detailing the characteristics of the workforce, size of operations, machineries used, problems of workforce recruitment and retention. 5. Labor Market Surveys These surveys generate data on workforce supply and demand in specific area of occupation, establishment, location and sector. It also provides information on gender, age, education, and marital status of job seekers on vacancies and related job requirements, working conditions, salary structure, labor laws and practices. 6. National Economic Development and Educational Plans Information on national priority objectives and aspirations, targets for future and the institutional framework within which these are to be implemented by sectors, industry location and resource requirements. 7. Education and Training Statistics Information on the number of institutions classified by level of education, type of institution, number of teachers, specialization, level of training and grade, number and types of awards by type of institution and geographical distribution, enrollment and annual out-turn. 8. National Economic Survey Information on the performance of the economy, its employment absorption capacity and national accounts statistics.

12 9. University and Independent Research Papers Information on current development in the areas of manpower development and utilization planning primarily for policy purposes, estimates and projections of relevant data.

10. Administrative Records The administrative records provide vital statistics, data and information on internal and external migration, social security programmes, labor union policies and practices, national and international institutional annual reviews and reports, employment exchange statistics, target and achievements under various special employment programmes.

11. Labor Force Surveys Such a survey provides a picture of the activity status and related characteristics of population. This includes indication of the size, mobility, trends and causes, personal and economic characteristics of the workforce. While survey covers the entire population, workforce participation details are obtained from all persons within an official established labor force age range.

5.6 HUMAN RESOURCE PLANNING MODELS Human Resource Planning can be done through various models like supply analysis, demand analysis, gap analysis, and solution analysis. It is expected that the IT, manufacturing, product engineering, retail, financial services and insurance sector will employ the largest number of Indians in the coming years. A Frost & Sullivan report extrapolates that in a few years from now, the automotive, medical and electronics, and shortage devices sectors will generate 3 million jobs for engineers, beside 5 million in related services. Unable to meet the growing requirements in metro cities organization have started moving to tier II and III cities for skilled workforce. A variety of organizations have workforce planning models which consist of:

1. Supply Analysis 2. Demand Analysis 3. Gap Analysis 4. Solution Analysis 1. Supply Analysis The term 'supply' is used in conjunction with workforce generally including the workforce and the unemployed. The supply analysis focuses on identifying organizational competencies, analyzing staff demographics, and identifying employment trends. The competency analysis provides the basic data on the existing

13 organization and present staff. The 'trend analysis' part of this is describing and forecasting models for how turnover will affect the organization if no action is taken. 2. Demand Analysis Demand for a particular category of workforce is actually a schedule of relationship between quantities of workforce and salary. Demand analysis measures future activities and workloads plus describes what competencies the workforce of the future will need. It quantifies the impact that the changing work will cause whether stemming from technological changes or other sources. At times, there may be imbalances in the regions or sectors or nation. Unconditional forecast This forecast assumes that the various factors influencing demand including present policies, would continue to evolve the same way as they had in the past, with no significant changes affecting the variables. Planned forecast This forecast is based either on conditional or unconditional forecasting, but one adopted as a target supported strongly by the formulation of policies consciously designed to change variables towards the desired outcome. 3. Gap Analysis It compares the supply and demand analysis to understand the 'now' and the future. It also helps to identify situations in which the number of personnel or competencies in the current workforce will not meet future needs (demand exceeds supply), and situations in which current workforce personnel or competencies exceed the needs of the future (supply exceeds demand). 4. Solution Analysis It is developing the strategies to close the gaps in competencies and to curtail surplus competencies. HR has to focus on planned recruitment, training, retaining and placement of employees, as possible solutions to address gaps of this kind.

5.7 HUMAN RESOURCE FORECASTING METHODS Human Resource forecasting depends upon the projection for supply and demand solution, and the time series. Human Resource forecast can be calculated in a variety of ways. Each method has its own advantages and disadvantage. Forecasting methodology depends on whether the projection is for supply or demand solution. Projecting Demand Projecting Demand are the amount of various types of services that a given population seeks at a given time. The demand for a group (service sector) can be derived, i.e. from the number and kind of service personnel needed to staff the demand services.

14 Need or requirement is an estimation based on professional judgment of the number of workers or services necessary to attain and maintain a particular level. Inquiry method and statistical method are two methods of projecting demands. 1. Inquiry method This is one of the most common and desired method for projecting demands. It involves a surveys of establishments and it is assumed that the workforce know their occupation, have the desired competencies and skills needed in future. Establishment survey provides the HR planner with the basic information on each personnel employed and how that person relates to the activities of the establishment. The final outcome of this survey is the active manpower distribution matrix which can be classified into occupation, education, skill level, competencies, gender, age, workforce turnover, frequency rate, attrition, retirements, output per worker, and capital worker ratio. 2. The Statistical method t involves collection of data on occupation, labor force and employ ment variables, extrapolating trends from the services and projecting it into the future by fitting regression curves through them. Variables such as time or outputs are usually used in relation to the number of workers. 3. Ecometric Method This is a sophisticated method, wherein the workforce demand is assumed to depend not only on time but also on other output trends and complementaries within the production sector. The important point is that the aggregate industry output demand influences the occupation demand and employment and so do the changes in technology. First, the relationship between industries on assumption for direct demand and indirect demand is established. Then ratio is derived showing workforce share in output of each industry, from which the necessary coefficients are established. 4. Simulation Method The Simulation Model for projecting demand for skilled workforce is based on input-output analysis. This model helps to gain insight into particular problems before making an actual decision. The HR planner keeps questioning, 'what if the workforce get overtime? Or is shift a better option? How can there be an optimal utilization of resources?

15 5.8 WORKFORCE PLANNING Workforce planning has always been an active HR strategy. The HR planner and decision makers are aware of the need for formulating strategy planning of their workforce. In a survey of IPMA-HR members conducted in 2004 on their workforce planning activities (Johnson and Brown, 2004), of the 97 people who responded, only 36 respondents indicated that their organization has a workforce planning process which includes defining staffing requirements, identifying current staff availability, projecting future requirements and analyzing the demand and supply. 61 respondents indicated that their organization did not have a workplace planning process in place. In a survey, the following barriers were cited for the lack of workforce planning: Barriers of Workforce Planning • Preoccupation with Short-term Activities • Insufficient Staffing • Lack of funding • Lack of Executive Support • Restrictive Merit System Rules on Hiring • Insufficient Market Effort • Lack of Confidence in Planning Techniques • Resistance to Change LEGAL CORNER Layoff Whether to include notice and compensation? In case of an industrial establishment employing less than 50 workmen, the workmen are not eligible for any layoff compensation or notice. Therefore, the employees of such establishments can stipulate in terms of employment that the employees are not eligible for any layoff compensation. The workmen and union agree that if during a period of 12 months, the workmen are laid off for more than 45 days, then, they shall not be entitled for any layoff compensation after the expiry of 45 days. The compensation, thus, paid shall be adjusted against retrenchment compensation.

16 5.9 SUMMARY Human Resource Planning is the business process for ensuring that an organization has access to suitable talent to ensure future business success. Human Resource process has a number of steps to follow like job analysis, developing work rules, work study, analysis of other factors, analysis of performance, analysis of production, deciding the model and action plan. Human Resource Planning is affected by long term factors like long range business plans, demographic economy, technological trends and social trends. Short term factors like production schedules and budgets, affirmation action, relocation / planned closing also affect planning. A variety of organizations have Human Resource Planning models which consist of supply analysis, demand analysis, gap analysis and solution analysis. Human Resource forecasting can be calculated by inquiry method, statistical method, ecometric method and stimulation method through time series analysis. 5.10 SELF ASSESSMENT QUESTIONS 1. What is

Human Resource Planning? Discuss the stages of Human Resource Planning process? What are the sources of information to facilitate the Human Resource Planning? 2. Explain the various Human Resource Planning models. 3. How are Demand, Supply and Wastage Forecasting determined? 4. In a global environment, how can the workforce be ascertained? 5. Why is not a current inventory of Human Resource sufficient to determine the supply of Human Resource? SKILL BUILDING ACTIVITY I 1. BPO industry has grown tremendously but HR planning is always a challenge for this industry. Discuss and support giving examples from organizations. 2. Do all organizations to for Human Resource Planning? What are the factors that may affect their planning? 3. Do you think India is experiencing a change in occupational pattern? Support your answer with examples.

17 4. How can demographic education and other related factors influence Human Resource Planning? Take all examples of any country and explain the same. 5.11 REFERENCES 1. Ansari M.A. Managing people at work, New Delhi: Sage publications, 1990 2. K. Ashwtappa. Human Resource Management- Text and Cases, Bengaluru: TMH.2010. 3. Stephen P Robbins. Training in interpersonal skills – tips for managing people at work, Noida UP: PH. 2012. 4. Rosemary Thomson. People Management, Hyderabad: University Press (ndia) Ltd., India.1990. 5.

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UNIT - 6 : JOB ANALYSIS AND JOB DESIGN Structure 6.0 Objectives 6.1 Introduction 6.2 Meaning and Definition 6.3 Methods of Collecting Information 6.4 Sources of Information 6.5 Job Description 6.6 Job Specification 6.7 Job Description form 6.8 Job Specification Form 6.9 Role Analysis 6.10 Job Design / Redesign 6.11 Job Analysis Form 6.12 Job Evaluation 6.13 Summary 6.14 Self Assesment Questions 6.15 References

19 6.0

OBJECTIVES After studying this unit, you should be able to; •

Describe

Job, Job Analysis and Job Evaluation • Explain the Methods of

Job Analysis and Job Evaluation • Discuss Job Characteristic Model • Analyze Job Design 6.1

INTRODUCTION

What is a

Job?

Job analysis is the

process of studying and collecting information related to a specific job.

The immediate products of this analysis are job descriptions and job specifications.

Job

analysis

should not be confused with motion study which also involves studying

of the job. Motion study is the process of analyzing a job to find the easiest, most effective and most economical method of doing it. A motion study is a part of job design and should precede

job analysis. Job description is an organized factual statement of the duties and responsibilities of a specific job.

It

is a standard of function that defines

the appropriate and authorized content of a job.

A job

description

should say what is to be done, how it is done and why it is

to be done? Job specification is about the minimum acceptable knowledge, skill and qualities necessary to perform a job.

It is a standard of

the individuals' designated qualities, required for acceptable performance. 6.2

MEANING AND DEFINITION Job Analysis

It is now important to understand job classification and job evaluation. A

job classification is the grouping of jobs on some specified basis such as the kind of work or

pay. In all organizations, jobs are classified covering the professional, technical and managerial occupations. Job evaluation is a systematic and orderly process for of determining the worth of a job in relation to other jobs.

The objective of this process is to determine the correct rate of pay.

Job evaluation is followed by job analysis. Job analysis is a systematic process of describing and recording information about job behavior activities and work specification (Harvey, 1991).

20

The information includes : 1. Purpose of the job 2. Major duties or activities required of the job holder 3. Conditions under which the job is performed. 4. Competencies (skill, knowledge, ability and other attributes which enable and enhance the performance of the work) 6.3

METHODS OF COLLECTING INFORMATION 1. Interview Interview

is one of the most popular methods of data collection. The Job analyst asks questions to job holders and supervisors. There are several basic attitudes and techniques that serve to elicit the maximum of accurate and complete information (Bureau of Business Research, Long Beach, 1968). The process works as follows: • Introduce yourself so that the job holder knows who you are and why you are here – The supervisor explains in advance what the job analysis program is and how it affects various activities of the job. The employee is assured that the process is not detrimental to his or her well being. • Show a interest in the worker and the job being analyzed - The job constitutes a large portion of employee's life. Demonstrating sincerity towards the job and employee would increase the openness and responses. • Do not try to tell the employee how to do the job –

The job holder is the job expert. The job analyst's task is to extract information and organize it in a significant manner. The analysis is descriptive in nature. Corrections and possible changes can be done in consultation with those who are authority in the concerned areas. 2. Group interview The Job Analyst interviews a group of knowledgeable workers and supervisors for the purpose of understanding and discussing the job. Analyst time in such cases is efficiently used in gathering information from various employees at the same time, but is challenging when it comes to integrating the information that is gathered by a number of employees at the same time. 3. Questionnaire The Questionnaire technique is useful for collecting information from many people and is more economical than the other methods, and if the questionnaires are administered electronically, they are even more economical. The questionnaire technique places great faith in the job holder's ability to organize the reporting of the job.

21 4. Narrative descriptions Both the job holders and supervisors are required for the narrative description of jobs. The detailed reporting is like a daily diary or a log. The employee keeps a daily record of the major duties performed, noting the time when each task starts and finishers. 5. Observation Observation is the second most popular method for job analysis. The job holder is observed for hours together on how the job is being performed. It can also be through videotaping, audio taping and computer monitoring. Observation is a very time consuming method especially if work task changes with the time of the day or are seasonal. 6. Technical conferences / Seminars A technical conference or seminar involves meeting one or more experts to better understand the ob and also the importance and critical issues related to the job. 7. Equipment-based method This method is possible only in situations where some equipment is used, like camera, videotape recorder or audio recorder to record a particular job being carried out, which can then be used by the job analyst as a source of information. 8. Receiving records and literature Useful information can be gathered from the company records of training, performance appraisal, accident reports, checklists, manuals, and other job related material and documents. Information can also be obtained from published reports, articles and books. 9. Studying equipment design specification Where the job is dependent on equipments, blueprints and schematic drawings may provide some insight into understanding the job. 10. Method analysis It is analyzing job elements to the smallest component of a job. Time and Motion Study, Process Reengineering and Critical Incident Technique are the three important methods for analysis. • Time and Motion Study Time and Motion Study is directed mainly towards discovering the time taken to complete a given task or the time allocated to different tasks that comprise a job. • Process Reengineering The flow process charts and charts with sequence of operation focusing on whether the movement or flow of material is helpful in analyzing the job. Examining the sequence and document processing helps the job analyst to understand the various processes through which the work gets done.

22 • Critical Incident Technique This method requires the SMEs to recall specific instances of work behavior on the job. The behavior should represent outstanding or unacceptable performance. Such behaviours are critical incidents. This includes three pieces of information : a) Statement of content on what led to the behavior b) The employees' behavior c) The consequence of the behavior. Such information though internally difficult to extract, is very important. 11.

Standardized job analysis questionnaire They are based on the ratings of job behavior made by job holders, supervisors or the HR manager. Unlike other methods of collecting information, this does not require the trained job analysts to observe and rate the jobs. The standardized questionnaires are written on a wide variety of jobs. This helps in analyzing all types of jobs using the same items. 6.4 SOURCES OF INFORMATION For understanding and analyzing the job, information can be obtained from all who are involved in that job and are subject matter experts. Job holders, supervisors, trained job analysts and customers can be part of the subject matter expert group. Job holder One who is holding the job has first hand direct knowledge of various tasks and activities of that job. Such information can be obtained through interview or questionnaire. Supervisors Though they do not directly perform the job, supervisors understand the job well. There might be constraint if the supervisor is not into direct supervision; however, information from such a source definitely broadens the perspective in the job analysis process. Customers Though not a popular source of information collection, yet customers are good source of information, especially where the job is related to dealing with customers. This gives a broader and different perspective to the job analysis process. Job analysts Externally trained job analysts can observe the job holder and also include the indirect sources of information like process documents, flow charts, customer complaint records, etc. He brings in the legal issues and also his experiences while handling the projects of other organizations.

23 6.5 JOB DESCRIPTION The immediate product of Job Analysis is Job Description. It is the most common application of Job Analysis. • Job Description is a brief snapshot of the job. It is often written for a unique position as a tool for communicating what is expected of the person who holds the position. It is also used for classification of positions into categories for compensation and staffing purposes. The important function of Job Description is to communicate the essential nature of the job. Job Description should be short. It is a record of existing and pertinent job facts as in Table 2.6 below:

Job Description Job identification Job summary Duties performed Supervision given and received Relation to other jobs Machines, tools and materials Working conditions Definitions of unusual terms Comments that add and clarify the above and any other Job

Description includes: • Job

identification It includes job titles, alternate title, department, plant and code number of the job. • Job summary Job summary is the definition of the job or further explanation of job title. • Duties performed It is the heart of Job Description. It states what is being done, how it is done, and the purpose behind each duty. t ensures 'what', 'why' and 'how' of the job. • Supervision given and received This includes titles of jobs that are immediately over and under this job and the degree of supervision involved.

24 • Relation to other jobs This identifies the vertical and horizontal relationship of promotion, and horizontal relationships of work flow and procedures. • Machines, tools and materials This is a list of machines, tools and materials, defining the major types and has trade names wherever necessary. • Working conditions This indicates the working condition as – hot, cold, dry, dusty, oily or air conditioned. Hazardous conditions are also stated. • Definition of unusual terms This is a kind of job glossary which includes any technical or unusual words used in duties. • Comments, etc. This has the situational information or illustrates the goals one needs to achieve. 6.6 JOB SPECIFICATION Job Specification specifies the minimum requirements of the job in relation to qualification, training, experience, age and other mandatory or desirable requirements of the job. It specifies the minimum requirement of the job in relation to qualification, training, experience, age, etc. includes the mandatory and/or desirable requirements of the job. It lists out attributes like education, experience, age, physical fitness, etc. along with soft skills required to perform a job like interpersonal skills, problem solving, decision making, analytical abilities, etc. It is important because any judgmental mistake may defeat the purpose not only by selecting a wrong person, but also wrongly evaluating the job which is directly related to the job pricing.

Exhibit 6.7 JOB DESCRIPTION FORM Job description Department: Section: Job title: Responsible to: Responsible for: Job location:

25 Purpose: Tasks and duties: Other features: Prepared by: Signature: Job title: Date:

Exhibit 6.8 JOB SPECIFICATION FORM ----- Job Specification Department: Section: Job title: Job location:

Criteria Essential Desirable Contra-indicator Education, qualification, training -----Experience

Knowledge and skills Personality Physical make-up Interests Other requirements Prepared by: Signature: Job title: Date:

26 6.9

ROLE ANALYSIS Job

Description is somewhat simple and sterile in nature and hence the suggestion for including 'Role Analysis'. The concept of role is broader than that of a job. Role consists of the total pattern of expected behavior, interactions and sentiments for an individual job holder. A supervisor is expected to protect and promote the interest of their subordinates. Superiors expect more productivity and efficiency from their subordinates. Uses of Job Analysis Information 1. Validation of Hiring Procedures Job analysis information can be used to systematically examine the selection criteria and also define the behavior indicator of superior performance. 2. Training Roles and responsibilities given in the job analysis along with duties to be performed can be used in training needs identification when they are not performed as per the desired level. Technical training needs can be identified based on the use of machines, equipment and computers related to the specific job requirements. Such information can be further used for developing contents of training programmes. 3. Job Evaluation Job description and Job specification of a job requirement are evaluated in terms of worth and the ultimate conversion in terms of value of money. 4. Performance Appraisal Job Description is helpful in defining the areas in which the job goals need to be established and the work is appraised on the achievement of these goals. 5. Career Development Job information provides data concerning requirements and opportunities for careers within the organization. 6.

"Organization The Job Analysis process helps in organizational audit, revealing the factors that effect or affect job design.

7. Induction Induction Job Description is most helpful for orientation and induction of new recruits. 8. Counseling Job Information is very valuable in job counseling, especially for those who are on the verge of completing of educational training. 9. Labor Relations Job Description is a standard of function. If one does not perform their duty or adds to the list then it is considered to be a violation of duties. In case of disputes, such written records are valuable in solving them.

27 10. Job Engineering In case one wants to change the job because of any physical challenges or other problems, the job related information facilitates the changing of the job and giving permissions for the same. 6.10 JOB

DESIGN/REDESIGN Various factors may lead to job design or redesign in an organization. This is done by way of job enlargement, job enrichment and semi-automated groups. Moving from job analysis, job description and job specification, it is the responsibility of the HR to design the jobs within the organization. Excessive specification and concentration upon the required efficiency levels have an adverse impact upon the motivation of employees In job analysis the focus is on the job, duties, and specification, while job design focuses on the interest of the individual which also reflects the interest of the organization. Factors that affect job design are: 1. Process

values of specialization and repetitive operators 2. Changing technology 3. Labour union policies 4. Abilities of the present employees 5. Available supply of potential employees 6. Interaction requirements of jobs within the system 7.

Psychological and social needs of human beings

Exhibit 6.11 JOB ANALYSIS FORM JOB ANALYSIS FORM Department: Section: Location: Responsible to: Responsible for:

Purpose and contacts: Work environment:

28 Authority, tasks and responsibilities: Work standards and checking procedures: Skills, knowledge and experience: Job prospects: Other information: Completed by: Signature: Job title: Date:

The challenges of the above given factors can be converted into advantages by redesigning the jobs through job enlargement, job enrichment and semi-autonomous groups. Job Enlargement Excessive specialization leads to greater productivity and hiring, but work undergoes constant modification because of the impact of mechanization and automation. In response to criticism concerning the dehumanization of work because of excessive specialization, job enlargement is suggested as it enlarges job content to utilize more of the abilities of employees. Additional responsibilities which are 'horizontal' in nature are assigned; this is termed as 'job enlargement'. Job Enrichment If additional responsibilities added are 'vertical' in nature, encompassing self control, the process is termed as 'job enrichment'. An employee will be more involved with his job if: (a) The job is meaningful A job is made meaningful by providing skill, variety, task identity, and task significance. To bring in variety the job can be enlarged. One can move backward in the workflow, add preparation functions or move forward, combine the task with finishing and quality control. (b) Employee has knowledge of operating results An employee's sense of responsibility is increased if he is granted some degree of discretion and autonomy over the job. 'Job Anatomy' is the most critical dimension of the job. (c) Employee is responsible for these results Knowledge of operating results can be affected by opening feedback channels to the employee. One enjoys batting or bowling in cricket and gets an immediate feedback on the performance, the scores and

29 appreciation. If one keeps working and gets no feedback one does not know where one stands. 6.12 JOB EVALUATION Job Evaluation is the relative value of the job in an organization. The process involves participation of employees for relative value of the job. We have discussed what a job is, how to analyse a job, and how to bring human touch to the job that motivates the employee to perform better. When employee performs the job how can it be evaluated. Job evaluation is different from job analysis. Job analysis is concerned with the data about jobs, whereas in job evaluation the attempt is to measure the input required of the employee (skill, effort, responsibility, etc.) for minimum job performance and to translate such measures into specific monetary

terms. Bernard Shaw in Everybody's Political Whats' What, challenged the possibility of being able to assess in pounds, shillings and pence, the difference between the social service of an archbishop and a turf bookmaker or to fix a wage for poets, laureate and sausage makers. Job evaluation attempts to establish the relative value of jobs to the employing organization in which they are situated. • Job evaluation is not an exact science, it relies on subjective judgment. In measuring the relative value of jobs, job evaluation requires the subjective, though systematic, exercise of judgment in identifying and assessing the differences between jobs. It only works effectively if those involved are believed to be fair.

• Job evaluation is not a method of determining the rates of pay. Job evaluation precedes pay determination. After the relative value of jobs to the organization has been established, they are usually grouped into grades or categories. Pay is attached to those where unions are recognized for collective bargaining. In such a case this is done by negotiation. • Job evaluation is not concerned with the performance of the individual employee. Rather it is concerned with the demands of the job. Whether the individual carries out the job adequately is immaterial. Good performance may be rewarded by merit payments, but job evaluation is concerned with the value of the job relative to other jobs and not with the value of an employee compared to other employees. Job evaluation answers three critical questions: - What is the relative value of a job to the organization?

30 - How can this value be determined? - How can this done in a way which is accepted as fair by most employees? The job evaluation process must contain certain basic steps. Figure 4.2 emphasizes the importance of obtaining information about jobs before attempting to evaluate their relative value. To encourage fairness of the results of job evaluation, employees must be encouraged to participate in the process. There are three ways in which employees can be motivated to participate: 1. Employees can be asked to complete a questionnaire on the demands of their jobs. These can be accompanied by a job description and signed by both the job holder and line manager to indicate that the information present is accurate. Figure 4.2 Process of Job Evaluation 1. Job holders can be interviewed by a job analyst who then compiles the information on the demands of the job for the signature. 2. Job holders can be observed at work by job analysts who again compile information for job evaluation purposes. This method is suitable only for manual jobs where activities can be directly observed. Job Analysis Job Description Job Specification Select Benchmark Job Job Evaluation Job Grading Pay Determination

31 Job evaluation is most often used in medium and large organizations. In such cases, it is most convenient to select a sample (10 to 30) of benchmark jobs at this stage as a basis for the establishment of job evaluation purpose. Benchmark jobs should be: - Well known to evaluators - Representative of the level and type of jobs to be evaluated - Not the subject of a current dispute between management and employees. There are various methods of evaluating the job, which will discussed later in this book (see chapter on 'Job Evaluation and Compensation') JOB EVALUATION METHODS : The goal of Job Evaluation is to order a series of jobs (not position) according to their worth or value in the organization. In terms of Job Analysis, there are two major classes of Job

Evaluation methods: 1. Those that are based on a job discipline

Those based on Job Description can be classified by whether they a) consider the whole job v/s compensable factors, and b) compare jobs to jobs or compare jobs to attributes. (a) Whole Job v/s Compensable Factors The simplest method of Job evaluation is the ranking method. Job Evaluation committee receives the Job Description of each job and rank the order of the jobs in terms of their overall worth. (b) Comparing Jobs v/s Attributes The most commonly used current method of evaluation is called point factor method. Point factor method evaluates each job on each compensable factor. Instead of using job titles to create the evaluation scale, narrative description of each level of degree of the factor are used for evaluation by the evaluation committee. 2.

Those that are based on direct assessment of components of the job

Point factor methods require judgments based on Job Description. Job evaluation methods are devised to work directly on Job Analysis data about work and workers' attributes on the fairness in equitable pay according to the market. Several studies have examined the reliability of judges' assessment. Spector, Brannick and Coover found that the panel of judges is reliable (1989). Snelgar found that different companies' evaluation of the same set of jobs resulted in a very similar ordering of the worth of the jobs (Snelgar, 1982). In spite of a heavy dose of judgment

32 involved in Job Evaluation, research suggests that Job Evaluation system can produce reliable and valid assessment of the relative worth of jobs. 6.13 SUMMARY

A

job is a group of positions that are similar as to kind and the level of work.

A position is a group of tasks assigned to an individual. An occupation is group of jobs that similar to the kind of work and are found throughout an industry sector or throughout a country. Job Analysis is a systematic process of describing and recording information about job behavior activities and work specification.

The information includes purpose of the job, main duties required of the job holder, conditions under which the job is performed and competencies and other attributes which enable and enhance the performance of the job.

This is done through a variety of methods. There are various uses of job analysis information and also, there are challenges related to the accuracy of job analysis. Job Description is a brief snapshot of the job. It includes job identification, job summary, duties performed, supervision given and received, relation to other jobs, machines, tools and materials, working conditions and definition of unusual terms

and other comments. Job Specification specifies the minimum requirement of the job related to qualification, training, experience, age, and other mandatory or desirable requirements of a job. 6.14 SELF ASSESSMENT QUESTIONS 1. 'Job analysis serves as a foundation for an organization's integrated HR system' Discuss. Explain the various methods of information collection for Job Analysis? 2. Explain Job Description, Job Specification and Job Analysis? How can the Job Analysis information be put to use? 3. What is Job Design? How is it different from Job Analysis? How can Job Design enhance the performance of an employee? 4. If you were doing a role analysis for job engagement position what type of behavior would you specify?

33 5. In what way is a private organization's establishment of job specification subject to review and approval by the government? SKILL BUILDING ACTIVITY I Conduct a job analysis focusing on how merger of two banks can affect the existing job. Follow the following steps: 1. Choose a job you wish to take up after your management course. 2. Select a method to conduct the Job Analysis of the job you wish to hold. Remember it is a merger of the bank, you need to look into the strategic alignment. 3. Interview a person holding such a job in banking sector; observe and note the desired information. 4. Collect information from other sources. 5. Prepare a complete Job Description, Job Specification and Role Analysis for this position. 6.15 REFERENCES 1. Ansari M.A. Managing people at work, New Delhi: Sage publications, 1990 2. K. Ashwtappa. Human Resource Management- Text and Cases, Bengaluru: TMH.2010. 3. Stephen P Robbins. Training in interpersonal skills – tips for managing people at work, Noida UP: PH. 2012. 4. Rosemary Thomson. People Management, Hyderabad: University Press (ndia) Ltd., India.1990. 5.

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UNIT -7 : RECRUITMENT Structure 7.0 Objectives 7.1 Introduction 7.2 Meaning and definition 7.3 Stages of Recruitment 7.4 Types of Recruitment 7.5 Skill Building Activity-I 7.6 Summary 7.7

Self Assessment

Questions 7.8

References

35 7.0

OBJECTIVES After studying this unit, you will be able to; •

Distinguish

between Recruitment and Selection • Explain the

Recruitment Process • Analyse the Steps Involved in Selection Process •

Discuss the

Interview Process and its Effectiveness • Evaluate the Recruitment Process 7.1 INTRODUCTION Recruitment is 'positive' as the objective is to attract a larger pool of applicants in order to increase the selection ratio. Selection is 'negative' as the attempt is to eliminate applicants and select only the best ones suitable for the job required. Recruitment can be both external

and internal.

Recruitment

is the

process of searching for prospective employees and stimulating them to apply for the jobs in the

organization. After human resource planning, the job requirements are ascertained and the process for recruitment begins. Before attempting to recruit someone to fill in the position, the following questions need to be answered: • What is the job to be done? • What kind of person will be most effective? • How can the vacancy be filled by the suitable person? • What method will best fit the requirements? To answer the given questions, the various stages are to be processed: • Defining the job to be done • Defining the characteristics of the ideal candidate • Attracting candidates • Selecting candidates

7.2 MEANING AND DEFINITION

You have already learned that human resource or manpower is one of the most important assets of an organization. The manpower management refers to the details of staff or employees, in HR or any other department of the organization. It can also be defined as the proper utilization of information relating to employees in the organization. Thus, searching proper manpower is significant for the growth of the organization. According to Kempner, 'Recruitment forms the first stage in the process which continues with selection and ceases with the placement of the candidate'. Usually, the selection process starts with the indent for recruitment by the departmental heads. These indents specify the reasons why recruitment is to be made. These indents are sent to the personnel department. The personnel department has to check the financial implications of the recruitment to find out whether the additional expenses would be within the budgetary provisions. If everything is as per norms, the recruitment is allowed and the initial pay and other allowances are determined. Recruitment makes it possible to acquire the number and type of people necessary to ensure the continued operation of the organization. According to Flippo, 'Recruitment is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization'. In the words of Mamoria, 'Recruiting is the discovering of potential applicants for actual or anticipated organizational vacancies'. Yoder is of the opinion that, 'Recruitment is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an, efficient working force'. Thus, recruitment is the generating of applications or applicants for specific positions. It is a linking activity bringing together those with jobs and those seeking jobs. Recruitment is therefore the process of searching prospective workers and stimulating them to apply for jobs in the organization. 7.3

STAGES OF RECRUITMENT

Several stages have to occur before making the final decision. Stage 1 Defining the Job to be done When an employee leaves an organization or when a requirement comes from any division, the job has to be done or the work is to be reorganized. Once it is decided, the job is analysed and that defines the overall purpose or the role of the job and the various tasks that the incumbent must carry out in a clear, concise and accurate manner. Job description of a position or positions is the basic building block on which the process is further constructed.

37

Defining the Job- A checklist Purpose • Is the purpose of the job clear and unequivocally defined? • Is the contribution to the department and organizations' objective evident? • What is the responsibility of the job holder? • Is the internal system supportive of the job? • What are the skills and knowledge associated with effective job performance? •

Can an individual develop a certain skill base for effective performance? Stage 2 Defining the Characteristics of the Ideal Candidate Once the job description has been drafted, the focus is on person specification. Torrington and Hall (1991) say that a person specification is a 'statement derived from the job analysis process and the job description of the characteristics that an individual would need to process in order to fulfill the requirement of the job'. Stage 3 Attracting Candidates Having specified the ideal candidate, it is necessary to encourage some people to become applicants. With growing opportunities, the corporate world is facing a different music altogether. Skill shortage and reluctance of organizations to commit themselves to employment is playing havoc with the traditional approach to recruitment. Organizations prefer recruiting on contract with other agencies than keeping them on their payroll. Large group of workforce whose skills are highly valued are not able to find employers who want them. 7.4 TYPES OF RECRUITMENT Recruitment is the process of attracting candidates.

The sources of employees can be classified into two types, internal and external.

Both are important and both have their advantages and disadvantages. 7.4.1 Internal Recruitment Job opening for employees within the organization stimulates the possibility of transfer or promotion, increases the general level of morale, and provides more information about the candidate through analyzing his performance in the organization.

38 Personal data bank of employees can identify a list of those with minimum qualifications for the job requirements. This provides flexibility and greater control over career progress. Job posting Jobs are posted on the bulletin boards, internal circular or on the internet. Some carry listing in the company newspapers and newsletters. Internal applicants are often restricted to certain employees. Such guidelines include: 1) performance review of the last 3 to 5 years, 2) dependable attendance record, 3) having been in the present position for certain years, 4) has had no disciplinary action or penalty, 5) has had certain specific work experience in the organization. Talent Inventories HR department has the data of all the employees. Some organizations identify high potential employees to create talent pools and replacement charts for succession planning, while other organizations have devised a systematic method of keeping track of talent at all levels and all functions. Transfers Transfers involve moving from one position to another of a similar status, and generally there is no increase in the pay. These are lateral job transfers. These are considered valuable opportunities for employees as it gives a broader perspective of the working of various functions in an organization, which may play an important role in the long-term development of employees. Promotion Promotion generally involves moving into a position of a higher status than the present position. Many organizations follow the policy of promotion from within. Promotion within has several advantages. The organization has a good idea about the strengths and weaknesses of the employee. 7.4.2 External Recruitment Rapidly growing organizations and those that require large numbers of highly skilled professionals and managers and those who need specialists can seldom meet the requirement from within the organization. At times, shortage of skilled workforce forces an organization to change location. 1. Advertising Advertising for a job position is perhaps the most popular source for recruitment. - General interest in the offer being made - Provoke them to react by submitting an application Today's HR manager knows that there is no longer a binding lifelong agreement. Competitive workforce is scarce and the contract with them is temporary or for a defined

39 term. Such employees are marketable also. If the employees feel exploited and undervalued, it is easy to lose them to competitors, therefore, the HR has to analyse the following : • Who do you want to attract? • Where are they and what are they doing now? • What do potential employees already know about the organization? • What do you want potential applicants to know? Qualification needs to be included but just how much is needed is a value judgement. The purpose of an advertisement for a job vacancy is to interest possible candidates. Candidate should have enough information for their initial decision. This stage is critical. Many may like to apply; many potential applicants might choose not to go further because the initial advertisement does not appeal to them. Once the analysis is done on the above, the desired message should reach the desired group. The job is to be marketed applying the 4P's – place, product, presentation and price. Place is basically the choice of medium where the information related to job requirement has to be posted. There are mediums available and each one has its own market segment, what needs to be taken into account are the potential applicants. There are various options available as listed below – (a) Print Media - Newspapers, Journals and Magazines National and regional newspapers and those in various languages aimed at specific market segments and have their own distinct characteristics. - Trade Journals Trade Journals that carry advertisements, are bought by those active or wanting to be active in the particular occupational area. Similarly there are magazines that are outlets for advertisements in various sectors or targeted groups. - Employment Exchange There are government employment exchanges in every district, wherein job seekers get themselves registered for a job. - Radio and Television This is a growing medium and local stations publicize vacancies.

40 (b) Electronic Media Virtually every organization now has a website that applicants both internal and external and customers can visit go to learn about the company. Many of these have specific information about job posting, required competencies, career progression, programs, mentoring, and benefits. Electronic applications are encouraged. This saves a great deal of time and cost. It also enables the companies to be accessible to a wide range of applicants. 2. Recruitment Agencies In recent years, the growing job opportunities increased attrition and the talent crunch has given growth to a large number of recruitment agencies. Their outlets promote themselves and vacancies are filled on behalf of their clients through online job portal, press adverts, trade handbooks, sandwich board, notice boards, direct selling, active research, and head hunting for various position. 3. Employee Referrals Employee Referrals when current employees inform someone they know about an opening and encourage them to apply. The current employee knows both the company and the acquaintance and presumably would attempt to please both. New Holland Tractors prefer this method of recruitment, as they are adjusted to the organization and brief the applicant about the organization. 4. Institutions and Colleges / Campus Jobs in business have become increasingly technical and complex to the point where engineers, management, and other graduates are widely in demand. Consequently, a large number of organizations make special efforts to establish and maintain constructive relationships with the institutions and colleges placement cell. They get a large pool of freshers and those with few years of experience for various positions. The type or level of institutions also ascertains the level of candidates. 5. Trade and Professional Associations Trade and Professional Associations organize job fairs wherein employers and job seekers meet. Usually several employers are present to provide information about employment opportunities at their company. The setting is often somewhat informal. Job seekers come to gather information and ask questions. 6. Labor Unions Organizations with closed or union shops must look to the union in their recruitment effort. Disadvantages of a monopolistically controlled workforce are offset at least partially, by saving in recruitment costs. With a large number of workforce organized into unions, organized workforce constitutes an important source of personnel.

41 7. Walk-In Applicants Unsolicited applicants either at the gate, reception or through mail constitute a much used source of personnel. These can be developed through the provision of attractive employment, office facilities, prompt and courteous replies to unsolicited letters. 8. Foreign Nationals In professions involving high-tech skills, workforce shortage causes employers to recruit foreign nationals. There has been a shortage of doctors, engineers, IT experts, computer operators, nurses, and technicians in US, UK, Canada and other countries. India tops the list especially among doctors and software engineers. 9. Nepotism Relatives will be an inevitable component of recruitment programs in family-owned firms. Such a policy does not necessarily coincide with hiring on the basis of merit, but interest and loyalty to the enterprise are offsetting advantages. 10. Leasing To adjust to short-term fluctuations in workforce requirement, the possibility of leasing or temporary leasing for few days or weeks for a specified task is at times considered. This practice has been well developed in the office of administration, data entry, etc. The organization not only obtains well trained and selected workforce but avoids any obligation in pension, insurance and other fringe benefits. 11. Recruiting Former Employees Former Employees are those who has served the organization but have either retired or joined elsewhere and have applied knowing that there is an opening. At times, organization needs a specialist or those who have experience and skill, which is needed in the organization. 12. Job Portals There are job portals like naukri.com, monsterindia.com jobs, etc., where jobs are posted by the organizations. Individuals apply for job or mail their resumes for suitable job opening. These resumes are screened by the employers for fitting job. 13. Creative Recruiting Method In the workforce market when there is a significant shortage, organizations devise creative ways to recruit. The objective is to generate a pool of qualified applicants to fill the jobs in a timely manner. Some organizations use a plane towing an advertisement over beach areas or advertise on cable channels or on local movie theatre screens before and during the intervals. Some set kiosks or organize road shows to attract job seekers. 14. Mergers and Acquisitions Hiring new employees by acquiring the firm they work for is a recruiting approach that can facilitate the immediate implementation of an organization's strategic plan. When Lehman Brothers was acquired by the Japanese firm, 42 the employers were offered to stay back with the company, and if they continued for a year they were to be offered a special allowance. 15. Contingent Employees, Rehires and Recalls Contingent workers are hired by companies to cope with unexpected or temporary challenges – part timers, freelancers, sub-contractors, and independent professionals. Organizations establish relationship with such employees and as and when a need arises, they are hired for specific task and time recalled when they are needed. 16. E-Recruitment E-Recruitment is an innovative method of recruitment that is on the rise. E-recruitment is more than posting advertisement on the internet. It is about leveraging a wide range of web-based technologies. These technologies often have effective filters and can sometimes be used for online assessment and many other functions to help streamline the recruitment process. 17. Target Sourcing This method generating applicant lists from target sources such as alumni, directories, trade conferences attendance, professional memberships, and possible referrals of own clients. Cold calls are then conducted to narrow down the pool of potential candidates for selection. 18. Benchmarking Recruiting Organizations like General Electric, devote a team of resources to benchmark the best practices. With other equally successful organizations, it helps to 1) gather best practices information, 2) identify target candidates, and 3) build relationships with the target candidates all at the same time. 7.4.3 Recruitment

Policy Standing plan policies are directives providing continuous framework for executives actions on recruitment

managerial problems. A policy assist decision making but deviations may be needed as exceptions and under some extraordinary circumstances. Such a policy asserts the objectives of the recruitment and provides a frame work of implementation of the recruit program me in the form of procedures. Essentials of policy formation may be listed as follows: 1.

It should be definite, positive and clear. Everyone in the organization should understand it. 2. It should be transferable into practices. 3. It should be flexible and at the same time have a high degree of permanency. 4. It should be formulated to

care all reasonable anticipated conditions.

43 5. It should be founded upon facts and sound judgment. 6. It should

be a general statement of the established rules Therefore, a well thought out and pre planned employment procedure, based on

the firms' targets and requirements leads to the avoidance of decisions that have been taken on an impulse helps the organization to appoint the right type of personnel.

Conditions for good recruitment policy: A good recruitment policy should satisfy the following conditions: 1. Conform with organizational objectives 2. Ensure long term employment opportunities for its employees 3. Identification of recruitment needs: 4. Proffered sources of recruitment

7.4.4 Summary • Recruitment is 'positive' as the objective is to attract a larger pool of applicants in order to increase the selection ratio. •

Recruitment

is the process of searching for prospective employees and stimulating them to apply for the jobs in the organization. What is the job to be done? • What kind of person will be most effective? • How can the vacancy be filled by the suitable person? • What method will best fit the requirements?

STAGES OF RECRUITMENT Stage 1 Defining the Job to be done Purpose • Is the purpose of the job clear and unequivocally defined? • Is the contribution to the department and organizations' objective evident? • What is the responsibility of the job holder? Stage 2 Defining the Characteristics of the Ideal Candidate

44 • ConPage No. 36 Stage 3 Attracting Candidates • Organizations prefer recruiting on contract with other agencies than keeping them on their payroll. Large group of workforce whose skills are highly valued are not able to find employers who want them. TYPES

OF RECRUITMENT The sources of employees can be classified into two types, internal and external.

Both are important and both have their advantages and disadvantages. Internal Recruitment • Job posting • Talent Inventories • Promotion External Recruitment o Advertising o Recruitment Agencies o Employee Referrals o Institutions and Colleges / Campus 5. Trade and Professional Associations o Labor Unions o Walk-In Applicants 8. Foreign Nationals o Nepotism o Leasing o Recruiting Former Employees o Job Portals o Creative Recruiting Method o Mergers and Acquisitions o Contingent Employees, Rehires and o E-Recruitment o Target Sourcing o Benchmarking Recruiting

45 Recruitment Policy:

A policy assist decision making but deviations may be needed as exceptions and under some extraordinary circumstances. Such a policy asserts the objectives of the recruitment and provides a frame work of implementation of the recruit program me in the form of procedures.

Conditions for good recruitment policy: A good recruitment policy should satisfy the following conditions: o Conform with organizational objectives o Ensure long term employment opportunities for its employees o Identification of recruitment needs: o Proffered sources of recruitment 7.5 SKILL BUILDING ACTIVITY I Conduct a recruitment practices survey focusing on how companies go for recruiting manpower for their present and future requirement' • Choose a industry you wish to take up after your management course. • Select a method to conduct recruitment and selection of the job you wish to hold. • nterview a person holding such position in IT sector and observe and n ote the desired information. • Collect information from other sources. 7.6 SUMMARY In this unit we have discussed about recruitment which is an important activity of any organization. This unit covers meaning and definition of recruitment. This unit also speaks about types of recruitment such as internal and external. This unit also explains about the various stages of recruitment which is normaly observed in any company.

46 7.7 SELF ASSESSMENT QUESTIONS 1. What is recruitment? Explain its objectives and importance 2. Describe the internal and external methods of recruitment with their relative merits and demerits 3. What is Job Design? How is it different from Job Analysis? How can Job Design enhance the performance of an employee? 4. If you were doing a role HR Manager position what type of techniques you adopt to recruit people to your IT company 5. Discuss the recruitment practices in in Banking Industry in India 7.8 REFERENCES 1. Ansari M.A. Managing people at work, New Delhi: Sage publications, 1990 2. K. Ashwtappa. Human Resource Management- Text and Cases, Bengaluru: TMH.2010. 3. Stephen P Robbins. Training in interpersonal skills – tips for managing people at work, Noida UP: PH. 2012. 4. Rosemary Thomson. People Management, Hyderabad: University Press (ndia) Ltd., India.1990. 5.

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UNIT – 8 : SELECTION Structure 8.0 Objectives 8.1 Introduction 8.2 Cornerstones of Job Performance 8.3 Selection Procedure 8.4 Objectives of Pre-employment Interview 8.5 Types of Interviews 8.6 Principles of Interviewing 8.8 Selection and Learning 8.9 Recruitment Evaluation 8.10 Employee Disengagement 8.11 Summary 8.12 Self Assessment Questions 8.13 References

48 8.0

OBJECTIVES After studying this unit, you should be able to; •

Identify corner stores of job

performance • Explain

basic concept of testing employees • Describe different types of interviews • Trace advancement in selection 8.1

INTRODUCTION

Selection, either internal or external, is a deliberate effort of organizations to select a fixed number of personnel from a large number of applicants. The primary aim of employee selection is to choose those persons

who are most likely to perform their jobs with maximum effectiveness and

to remain with the company. Thus, an attempt is made to find a suitable candidate for the job. In doing so naturally many applicants re rejected. This makes selection a negative function. Having identified the potential applicants, the next steps are to evaluate their experience and qualifications and make a selection. According to Yoder, "the hiring process is of one or many 'go-no-go' gauges. Candidates are screened by the employer and the short-listed applicants go on to the next hurdle, while the unqualified once are eliminated". 8.2

CORNERSTONES OF JOB PERFORMANCE Through recruitment, once the sourcing for target candidates is over, the next important stage is to select the most suitable candidate for the job. The success of talent sourcing is futile if the employers fail narrow of the group of prospects to pick the most optimal candidates. To select the right candidate, employers should first understand what contributes to high job performance.

The scope of traditional job analysis has to be broadened at all levels. 1. Person-Job fit (Job analysis) : the traditional approach, which considers the competencies necessary to fulfill the specific job. 2. Person-Team fit (Team analysis) : which considers the competencies necessary to work effectively within the particular organizational culture.

49 3.

Person-Organization Fit (Organizational Analysis) : which considers the competencies necessary to work effectively within the particular organizational culture. 4. Person-Environment Fit (Environmental Analysis) : which considers what

kinds of competencies will be needed in the future, gives the changes in society generally and in markets in particular. 8.3

SELECTION PROCEDURE Selection procedure aims at discovering significant information about the applicant by using various methods. The table below is a suggested step by step procedure for selecting employees. In selecting procedure, various methods are used to discover significant information about an applicant, which can then be compared with job specifications. Though there is no standard procedure adopted by all companies, following are the steps of selection procedure.

- 1. Screening the Application** Based on the job analysis, the applicants are shortlisted for the interview. The job description and job specification is the basis for short listing. Biodata – Biodata consists of demographic and life style questions that are found to be sound predictors of job performance.
- 2. Preliminary Interview** The preliminary screening or preliminary interview eliminates candidates who are obviously not qualified for the job. This interview is usually short. It may be just a telephonic interview. In the preliminary screening of applications, personal data sheet, educational and professional records and similar sources are reviewed to determine characteristics, abilities and the past performance of the individual.
- 3. Application Blank & CV** Application forms ask candidates to provide information on a range of topics. Some of this information is, at least in principle, verifiable, i.e. last salary, qualification, etc., while other information requested is non-verifiable, e.g. reasons for wanting to apply to the company. Application forms are often used systematically.
- 4. Reference Checking** This can take place either before or after the diagnostic interview. Many organizations realize the importance of reference checking and provide space on the application form for listing references. Most prospective employers contact 50 individuals from one or more of the three categories, personal, educational institution or past employment references.
- 5. Psychological Tests** There are a variety of different psychometric tests used in the context of selection. Many tests are available to organizations for use in the selection process. An employment test is an instrument designed to measure selected psychological factors.

Job Analysis Basis Since the purpose of testing is to predict future success in a job situation, the starting point of analysis is obviously the job. At this point a decision is taken concerning which of the characteristics are required and can be measured by tests. If the requirement is intelligence, an intellect test is selected; if ability, then an ability test; if leadership or motivation, then a test is to be selected accordingly. One has to find out if a relevant test is available or can it be designed. When the organization decides to include psychometric tests in the selection process, it should always be remembered that testing cannot do the job itself, it cannot be used as a standalone device, it is only one part of the comprehensive selection process.

- (a) Ability test or intelligence tests** Intelligence testing includes different aspects of intellectual activity, particularly logic and creativity, roughly equivalent to ideas such as convergent and divergent thinking.
- (b) Aptitude tests** It measures a person's potential to learn. They commonly measure specific areas such as verbal, numerical, perceptual or diagrammatic, spatial, mechanical, clerical or sensory or motor aptitudes. Both the tests have right and wrong answers and a time limit. These tests have high predictive validity across a range of jobs.
- (c) Job knowledge tests** Measure the job related knowledge of the candidate. Computer languages for IT firm, financial management for financial and the like.
- (d) Personality questionnaires** Personality Testing is becoming increasingly popular, not only in other countries but in India as well.

6. Group Discussion Methods Group selection exercises are used in an attempt to assess the candidates' social, interactive and influencing skills. Typically a topic is given to the group for discussion. Certain attributes related to the job are assessed. In other situations a business problem such as budget allocation, devising strategy, generating ideas for marketing initiatives, designing structures to achieve some goal with limited resources, candidates being given roles to play (head of the department, sales manager, HR manager, 51 accountant, etc.); alternatively the task may be to sit with the group without any roles either being assigned or indicated.

7. Employment Interviewing Interview is probably the most widely used single method of selection, but their predictive power is depressingly low. Much of the difficulty arises from issues of interpersonal perception (Eder and Ferris, 1989).

8.4 OBJECTIVES OF PRE-EMPLOYMENT INTERVIEW

- Biographic data
- Employment history and discipline
- Relocation, attitude and commitment
- Shift attitude, availability and commitment
- Retention and permanency
- Financial responsibilities
- Integrity
- Reliability
- Service attitude and response
- Clarification of education history
- Falsification of reports / records

52 8.5 TYPES OF INTERVIEWS

Types of Interview: Various types of interviews are shown in Figure 4.1

Formal Interview: It is held in formal atmosphere with pre-decided and planned procedures and questions.

In this type of interview, all the formalities, procedure like fixing the value, time, panel of interviewers, opening and closing, intimating the candidates officially etc. are strictly followed in arranging and conducting the interview. The course of the interview is preplanned and structured, in advance, depending on job requirements. The questions items for discussion are structured and experts are allotted different areas and questions to be asked. There will be very little room for the interviewers to deviate from the questions prepared in advance in a sequence.

Informal interview: There is no specific procedure followed in this case. They are conducted at any place, and any types of questions can be asked to the candidate.

53 Stress Interview: It is conducted to evaluate the behaviour of the candidate under stressful conditions. How does a candidate react to stress? Whether they remain quiet and calm or become stressed, can be judged by creating different stressful conditions around, and the case with which they get out of it indicates their stress-handling capacity in future.

Situation Interview: An imaginary situation is told to the candidates and they are asked to respond to it.

Directive Interview: It is structured interview. A same set of questions is repeated for every candidate to make the comparison among the answers received from them.

Non-directive Interview: It is non-structured interview. There is no specific format, and any questions can be asked to candidates. Candidates are free to express themselves under this type.

Panel Interview: A selection committee appointed for interviewing candidates is called a panel. It generally consists of three or more members who collectively perform the task of selection. The final decision is taken with the consent of all panel members.

Interviewing of candidates by one person may not be effective as he cannot judge the candidates in different areas/ skills owing to lack of knowledge and competence in multiple disciplines and areas. Hence most organizations invite a panel of experts, specialized in different areas / fields / disciplines, to interview

the candidates. A panel of experts interviews each candidate, judges his performance individually and prepares a consolidated judgment based on each expert judgment and weighted

of each factor. This type of interview is called as panel interview. This type of interview would be more effective as each

candidate is prepared by an expert in relevant areas. Experts should be cautioned against over accuracy, excessive weight-age to a particular factor, domination of other experts etc.

54 Group Interview: Candidates are supposed to form groups, and one group together will be interviewed at one time. It is a sort of group discussion. The person's ability to lead, their presence of mind and communication can be evaluated under this technique. There are two methods of conducting group discussion interview, namely, group interview method and discussion interview

method. All candidates are brought into one room i.e. interview room and are interviewed one by one under group interview. This method helps

a

busy executive to save valuable time and gives a fair account of the objectivity of the interview to the candidates.

Under the discussion interview method, one topic is given for discussion to the candidates who assemble in one room and they are asked to discuss the topic in detail. This type of interview helps the interviewer in appraising certain skills of the candidates like initiative, inter-personal skills, dynamism, presentation, leading comprehension, collaboration etc.

Interviewers are at ease in this category of interview because of its informality and flexibility. But it may fail to cover some significant portions of the candidates' background and skills. Depth Interview: All the minute details of important nature are asked to a candidate to have the extensive information about them. In this type of

Interview, the candidates would be examined extensively in core areas of knowledge and skills of the job. Experts in that particular field examine the candidates by posing relevant questions as to extract critical answers from them, initiating discussions regarding critical areas of the job, and by asking the candidates to explain even minute operations of the job performance. Thus, the candidate is examined thoroughly in critical / core areas in their

interviews. 8.6

PRINCIPLES OF INTERVIEWING There are certain principles of good interviewing. Good interviewing principles reflect in the various steps of interviews. Steps of Interview Preparation – Setting – Conduct of Interview – Close – Evaluation Preparation A considerable amount of planning is needed for interview, irrespective of the type of interview. The following principles are applicable:

55 1. Determine the specific objectives of the interviewer – Decision regarding which information needs to be extracted during the interview helps in setting the specific objective of the interview. There should be little overlap with other employment steps. 2. Determine the method of accomplishing the interviewing objective – This involves a decision for structured, unstructured or semi-structured type of interview. It involves such questions at whether to use a standard rating form or a less systematic evaluation, whether to take notes or to rely upon memory. 3.

Inform yourself as much as possible concerning the known information about the interviewer. This means a study of application blank or resume. Setting Establishment of the setting is not exactly a separate step in interviewing process, but it deserves special emphasis. The setting for the interview is of two types – physical and mental. 1.

The physical setting for the interview should be both private and comfortable to encourage talk on the part of the interviewee. 2. The mental setting should be one of rapport. An initial effort must be made to establish an atmosphere of ease. The interviewer must be aware of non-verbal behavior. Impatience, invitation, hostility and resentment can be conveyed by body language. Conduct of the Interview This is the main step where actually the interview is conducted. It is here that the desired information is obtained and interviewee is assessed on the job related parameters. 1.

The interviewer should process and demonstrate a basis liking and respect for people. 2. Questions should be asked in a manner that encourages the interviewee to talk. 3.

Listen attentively and if possible, projectively. Interviewer must give full attention, as marginal listening prevents obtaining full information and is insulting to the interviewee. Close As the interview should open smoothly so should it close, without awkwardness and embarrassment. The interviewer has a definite responsibility for bringing the conversation smoothly to a close, enabling the interviewer to make a reasonable poised exit. Evaluation When the interviewee leaves the room after the interview, the interviewer must immediately evaluate the candidate while the details are fresh in mind. The panel members should discuss their notes or rating sheets in case of structured

56 interview. Some decision must be reached concerning

the applicant. Interviewing is largely an art, the application of which can be improved through practice. 8.8

SELECTION AND LEARNING Experiential learning in selection is based on Kolb's learning cycle. Learning happens through experience, reflection, generalization and experimentation. When a manager assesses somebody in order to make a decision about the suitability of a candidate to the job, he uses his experiential learning. Perhaps the most influential idea in the field of learning theory as applied to management is the contribution of Kolb, et al (Kolb, 1984). Kolb's experiential learning is based on learning cycle as shown in Figure 5.1. Figure 4.2 This model can be applied to the learning that takes place during the selection process. • Concrete Experience This refers to any experience, either planned or unplanned. In selection, it can be applied to the experience either directly or indirectly, that the manager has of the job to be filled or of candidates during the various selection episodes, by reading candidates' application blank, listening to their responses in interviews, reviewing their responses to psychometric tests, observing their behavior during group exercises and so on. • Reflection Observation This stage refers to the cognitive process of thinking about or reflecting on experience – trying to make sense of experience. This will involve Experience Experimentation Reflection Generalization

57 attempting to understand the causes of what was observed. In selection, it relates to the reflection by the assessors on the assessee behavior during the various selection episodes. • Abstracts Conceptualization and Generalization This stage relates to the conclusions that are drawn from the review process. The assessor will generalize from their reflections about each of the candidates involved as to their suitability for the particular job and then make selection decision. • Experimentation and Evaluation This involves transferring the experience to other situations. In selection, this stage could be seen as the evaluation of the decision made, i.e. evaluating whether the person actually chosen for the job has indeed been successful in the job. To the extent that if the person has not been successful, a new cycle will be activated, perhaps using different selection methods, so that a different range of experience is provided about the candidates. Kolb's learning cycle provides a useful learning vehicle for considering the problems involved in assessment, selection and evaluation (Kolb, 1984). We should remember that there are two parties involved, the manager and the candidate, and both are making decisions. The candidate is also gaining experience about the job and the organization from the different selection stages, reflecting on what the experience means in terms of what the job will be like and the culture of the organization, generalizing as to whether they feel that this meets their own expectations for a job or career, and their subsequently testing out how far their expectations have actually been met on the job. Thus, the candidate makes decisions throughout the selection process – choosing whether to apply for a job, choosing whether to turn up for an interview to which they have been invited, choosing whether to take up a job that they have been offered. 8. Approval by the Supervisor Once all the steps are successfully conducted to decide whether the job offer should be made or not, a third interview or final interview is conducted. There is at times overlap of information when the interview is being conducted. In the initial rounds, the rights are passed on to a junior to process selection. At the time of finalization, the authority and responsibility of the superior is preserved. The superior is better acquainted with the job conditions. Negotiation for the salary or any other clarification regarding the job terms and conditions are discussed and finalized. 9. Physical examination Many organizations require a physical examination before an employer is hired. Its purpose is not only to determine whether the applicant is physically capable of performing the job, but also to determine the applicant's eligibility

58 for group life, health, existing disease if any, provisions of medical claims and insurance. Because of the expense, physical examinations are normally given as one of the last steps in the selection process. 8.9 RECRUITMENT EVALUATION Not every organization can afford to develop every source of workforce to the fullest extent. Sources utilized should be evaluated and judged in terms of the degree of success in obtaining competent personnel. For each major category of jobs, present personnel can be evaluated in terms of job success. If a correlation is discovered between successful personnel and particular workforce, those sources should be further developed with money and effort. Within general sources like campus recruitment, an organization may find that particular institutes provide better workforce than other institutions. A firm image or style has something to do with the type of talent it attracts. Success in the function of recruitment can be judged by utilizing a number of criteria: 1. The number of applicants The number of applicants would appear to have least value in determining the effectiveness of the program or applicants can be attracted by methods that do not result in successful hiring. 2. The number of offers made This is a better indication of the quality of the recruits. 3. The number of hirings The number of acceptance of hiring is getting closer to the real objective of securing an adequate number of qualified personnel. 4. The number of successful placements The true test is determined by finding out – Was the placement successful? Is the employee good in terms of productivity and moral attitude? Or has he left because of misunderstanding the nature of placement? A follow-up is essential to evaluate the method of recruitment. It is important to evaluate recruiting efforts to determine various recruiting sources and methods by conducting formal analysis. Evaluating Recruiting Costs and Benefits Costs and benefits associated with each recruitment activity should be analysed. While doing the cost benefit analysis, direct and indirect cost should be included. Direct cost includes advertisement, recruiter's salaries, travel agency fee, telephone, fax, postages, etc., while indirect cost includes involvement of operating managers, public

5 UNIT-9: ORGANISATIONAL LEARNING Structure: 9.0 Objectives 9.1 Introduction 9.2 Meaning of Organisational Learning 9.3 Definition of Organisational Learning 9.4 Types of Organisational Learning 9.5 Levels of Organisational Learning 9.6 Why a Learning Organisation? 9.7 How to Creat Learning Organisation? 9.8 Learning Organisation: Implementation Strategies 9.9 Golden Rules to Develop Organisational Learning 9.10 Behavioral Change to Implement 9.11

Summary 9.12 Key Words 9.13

Self Assessment

Questions 9.14 References

6 9.0

OBJECTIVES After studying this unit, you should be able to; •

Understand

the

meaning and

definition of

Organisational Learning • Identify Types and Levels of Organisational Learning • Evaluate need for Learning Organisation •

Understand how to Create Learning Organisation • Understand Implementation Strategies • Identify Golden Rules to

Develop Learning Organisation • Highlight Required Behavioural Changes 9.1 INTRODUCTION “Without learning, the

wise become foolish; by learning, the foolish become wise.” “Learn as if you could never have enough of learning, as if

you might miss something.” The underlying cause for recent emphasis on organisational learning is because of the

increased pace of change. Classically, work has been thought of as being conservative and difficult to change. Learning

was something divorced from work and innovation was seen as the necessary but disruptive way to change. The

corporation which is able to quickly learn and then innovate their work will be able to change their work practices to

perform better in the constantly changing environment. Change is now measured in terms of months not years as it was

in the past. Business re-engineering used to concentrate on eliminating waste and not on working smarter and learning.

Major research into ‘the art of learning’ did not actually start until the 1900’s. In the 1950’s, the concept of Systems

Thinking was introduced but never implemented. Gould-Kreutzer Associates, Inc. defined Systems thinking as: “A

framework for seeing interrelationships rather than things; to see the forest and the trees.” This means that organisations

need to be aware of both the company as a whole as well as the individuals within the company. Up until the introduction

of this concept, companies concentrated on their own needs not the needs of their workers. Systems Thinking tries to

change the managerial view so that it includes the ambitions of the individual workers, not just the business goals.

7 One of the systems used was called Decision Support Systems (DSS). This was for the use of corporate executives to

help them make decisions for the future. It was in fact the building of the models, which defined the systems that

benefited the management rather than the system’s operation. This was because the building of the model focused on

what the business really was and the alternatives available for the future. One benefit of DSS was that it made implicit

knowledge explicit. This makes extra knowledge available to the organisation and will tend to allow the organisation to

learn better because explicit knowledge will tend to spread faster through an organisation. In this respect DSS can be

considered as an additional method of communication in organisations. This systems tool was predicted to be necessary

for every executive’s desktop. But this did not happen. In the 1970’s, the same idea was renamed to Organisational

Learning. One of the early researchers in this field was Chris Arygris from Harvard. He published a book on the subject in

1978. Even with this published information the concept still wasn’t physically taken on by any companies. In the 1980’s,

companies discovered time as a new source of competitive advantage. This led to ‘capabilities-based competition’

which included the capability of learning. Many other people have continued along this line of research, such as Peter

Senge - one of the modern day gurus. Information on the topic has been passed into various companies. These

companies are now trying to become Learning Organisations. If the changeover to a Learning Organisation happens

overnight, the environment around the workers will be complex and dynamic. There will be agitations and confusion

which means learning may not take place because of the chaos caused. So it can only be introduced into a company that

is prepared to reach a balance between change and stability, i.e. a balance between the old and the new. Organisations

must interact with the environment around them, so the environment must be suitable for that interaction. 9.2 MEANING

OF ORGANISATIONAL LEARNING The Learning Organisation is a concept that is becoming an increasingly widespread

philosophy in modern companies, from the largest multinationals to the smallest ventures. What is achieved by this

philosophy depends considerably on one’s interpretation of it and commitment to it. The quote below gives a simple

meaning that we felt was the true ideology behind the Learning Organisation.

8 "A Learning Organisation is one in which people at all levels, individuals and collectively, is continually increasing their capacity to produce results they really care about."

9.3 DEFINITION OF ORGANISATIONAL LEARNING "Organisational learning is the process through which managers seek to improve organizations' desire and ability to understand and manage the organisation and its environment so that they can make decisions that continuously raise organisational effectiveness" An organisation that learns and encourages learning among its people. It promotes exchange of information between employees hence creating a more knowledgeable workforce. This produces a very flexible organisation where people will accept and adapt to new ideas and changes through a shared vision.

9.4 TYPES OF ORGANISATIONAL LEARNING James March has proposed two principal types of organisational learning they are:

Exploration Exploitation Exploration type of organisational learning involves organisational members searching for and experimenting with new kind of forms of organisational activities and procedures to increase effectiveness. This type of learning involves finding new ways of managing the environment- such as experimenting with the use of strategic alliances or network organisations- or inventing new kinds of organisational structures for managing organisational resources- such as product team structures and cross functional teams. Exploitation type of organisational learning involves organisational members learning ways to refine and improve existing organisational activities and procedures in order to increase effectiveness. Learning that involves exploitation might involve implementing a Total Quality Management Program to promote the continuous refinement of existing operating procedures or developing an improved set of rules to more effectively performing specific kinds of functional activities. Exploration is therefore a more radical learning process than exploitation, although both are important in increasing organisational effectiveness.

9.5 LEVELS OF ORGANISATIONAL LEARNING In order to create learning organisation managers need to encourage learning at four levels, they are Individual level Group Level Organisational Level Interorganisational Level Individual Level: At the individual level, managers need to do all they can to facilitate the learning of new skills, norms and values so that individuals can increase their own personal skills and abilities thereby help to build the organization's core competences. Group Level: At the group level, managers need to encourage learning by promoting the use of various kinds of group- such as self managed groups or cross- functional teams- so that individuals can share or pool their skills and abilities to solve problems. Groups allow for the creations of synergism – the idea that the whole is much more than the sum of its parts- which can enhance performance. Organisational Level: At the organisational level, managers can promote organisational learning through the way they create an organization's structure and culture. An organisations structure can be designed to inhibit or facilitate inter group communication and problem solving, and this affects team members' approach to learning. Interorganisational Level: organisational structure and culture not only establish the shared vision or framework of common assumptions that guide learning inside an organisation, but also determine how learning takes place at the interorganisational level. This level of learning is important because organisations can improve their effectiveness by copying and imitating each other's distinctiveness competences.

9.6 WHY A LEARNING ORGANISATION ? A company that performs badly is easily recognizable. Following are the some of the questions which helps us to understand why learning organisation. • Do your employees seem unmotivated or uninterested in their work? • Does your workforce lack the skill and knowledge to adjust to new jobs?

10 • Do you seem to be the only one to come up with all the ideas? • And does your workforce simply follow orders? • Do your teams argue constantly and lack real productivity? • Or lack communication between each other? • And when the "guru" is off do things get put on hold? • Are you always the last to hear about problems? • Or worst still the first to hear about customer complaints? • And do the same problems occur over and over? If any of these points sound familiar the answer for you could be a Learning Organisation.

9.7 HOW TO CREATE LEARNING ORGANISATION Before a Learning Organisations can be implemented, a solid foundation can be made by taking into account the following elements: • Awareness • Environment • Leadership • Empowerment • Learning Awareness Organisations must be aware that learning is necessary before they can develop into a Learning Organisation. This may seem to be a strange statement but this learning must take place at all levels; not just the Management level. Once the company has accepted the need for change, it is then responsible for creating the appropriate environment for this change to occur in. Environment Centralized, mechanistic structures do not create a good environment. Individuals do not have a comprehensive picture of the whole organisation and its goals. This causes political and parochial systems to be set up which stifle the learning process. Therefore a more flexible, organic structure must be formed. By organic, we mean a flatter structure

11 which encourages innovations. The flatter structure also promotes passing of information between workers and so creating a more informed work force. It is necessary for management to take on a new philosophy; to encourage openness, reflectivity and accept error and uncertainty. Members need to be able to question decisions without the fear of reprimand. This questioning can often highlight problems at an early stage and reduce time consuming errors. One way of overcoming this fear is to introduce anonymity so that questions can be asked or suggestions made but the source is not necessarily known. Leadership Leaders should foster the Systems Thinking concept and encourage learning to help both the individual and organisation in learning. It is the leader's responsibility to help restructure the individual views of team members. For example, they need to help the teams understand that competition is a form of learning; not a hostile act. Management must provide commitment for long-term learning in the form of resources. The amount of resources available (money, personnel and time) determines the quantity and quality of learning. This means that the organisation must be prepared to support this. Empowerment The locus of control shifts from managers to workers. This is where the term Empowerment is introduced. The workers become responsible for their actions; but the managers do not lose their involvement. They still need to encourage, enthuse and co- ordinate the workers. Equal participation must be allowed at all levels so that members can learn from each other simultaneously. This is unlike traditionally learning that involves a top-down structure (classroom-type example) which is time consuming. Learning Companies can learn to achieve these aims in Learning Labs. These are small- scale models of real-life settings where management teams learn how to learn together through simulation games. They need to find out what failure is like so that they can learn from their mistakes in the future. These managers are then responsible for setting up an open, flexible atmosphere in their organisations to encourage their workers to follow their learning example.

12 Anonymity has already been mentioned and can be achieved through electronic conferencing. This type of conferencing can also encourage different sites to communicate and share knowledge, thus making a company truly a Learning Organisation.

9.8 LEARNING ORGANISATION : IMPLEMENTATION STRATEGIES

Any organisation that wants to implement a learning organisation philosophy requires an overall strategy with clear, well defined goals. Once these have been established, the tools needed to facilitate the strategy must be identified. It is clear that everyone has their own interpretation of the "Learning Organisation" idea, so to produce an action plan that will transform groups into Learning Organisations might seem impossible. However, it is possible to identify three generic strategies that highlight possible routes to developing Learning Organisations. The specific tools required to implement any of these depends on the strategy adopted, but the initiatives that they represent are generic throughout. These initiatives are ably described using Peter Senge's Five Disciplines of Learning Organisations (Senge, 1990). The three strategies are:

Accidental For many companies, adopting a learning organisation philosophy is the second step to achieving this Holy Grail. They may already be taking steps to achieve their business goals that, in hindsight, fit the framework for implementing a Learning Organisation. This is the accidental approach in that it was not initiated through awareness of the Learning Organisation concept.

Subversive Once an organisation has discovered the Learning Organisation philosophy, they must make a decision as to how they want to proceed. This is a choice between a subversive and a declared strategy. The subversive strategy differs from an accidental one in the level of awareness; but it is not secretive! Thus, while not openly endorsing the Learning Organisation ideal, they are able to exploit the ideas and techniques.

Declared The other option is the declared approach. This is self explanatory. The principles of Learning Organisations are adopted as part of the company ethos, become company "speak" and are manifest openly in all company initiatives.

13 9.9 GOLDEN RULES TO DEVELOP ORGANISATIONAL LEARNING As an organisation which learns and wants its people to learn, it must try to follow certain concepts in learning techniques and mould itself to accommodate for a number of specific attributes. In particular: • Thrive on Change • Encourage Experimentation • Communicate Success and Failure • Facilitate Learning from the Surrounding Environment • Facilitate Learning from Employees • Reward Learning • A Proper Selfishness • A Sense of Caring Thrive on Change "In a fast-paced, continually shifting environment resilience to change is often the single most important factor that distinguishes those who succeed from those who fail." -Tom Peters The crux of this idea is that for a Learning Organisation to be achieved many changes must be implemented. There can be no doubt that an organisation that enters such changes without a full commitment to them will not succeed. Hence it is constantly re-framing; looking at problems from different angles or developing and exercising skills. In short, it is never static. To comply with this, the people in the organisation must continually adapt to changing circumstances. It is vital that the changing process be driven from the very top levels of the organisation: the managers must lead the changes with a positive attitude and have a clear vision of what is to be achieved. It is crucial that the management all agree to the strategy and believe in it so that they exude a sense of security and self-assurance. Encourage Experimentation "If learning comes through experience, it follows that the more one participates in guided experiences, the more one learns. Therefore venturing into uncharted waters -

14 and experiencing the failures that may occur - is an important part of organisational learning." - Gould, DiBella, Nevis Every change requires a certain degree of experimentation. To allow this experimentation is the central concept behind a Learning Organisation. Giving employees opportunities and responsibilities is a risk and can be costly in terms of resources. However for a company to learn it is a necessary risk, and approached in a positive manner, will bring many benefits. Innovation, after all, is what sets a company apart. A Learning Organisation needs to experiment by having both formal and informal ways of asking questions, seeking out theories, testing them, and reflecting upon them. It should try to predict events and plan to avoid mistakes — be active rather than passive. One way to do this is to review their competitors' work and progress and try to learn from their experiences. A Japanese strategy is to send their senior executives on study visits to other countries, raising questions and gathering ideas. They then review the visits and try to learn from them. Just like the changing process, the learning process has to start from the top of the organisation and finds its way throughout. However there is a danger in delegating the questions and theories to lower groups, as the senior executives could feel no ownership of the process and are unlikely to take risks with the conclusions. When John Harvey-Jones became chairman of ICI, he gave a lot of time and attention to creating space for the top executives to question, think and learn. Communicate Success and Failure "Incorporate others' good points into one self so that one improves; self-reflect upon others' bad points so that one does not commit the same mistake." -Confucius "For learning to be more than a local affair, knowledge must be spread quickly and efficiently throughout the organisation" - David Gavin (Building a Learning Organisation)

15 It is important for a company to learn from its mistakes and also to appreciate its successes. Discussion and contribution in a team framework is vital, followed by assessment and planning. Each member should be encouraged to self-assess their own performance. This requires continuous feedback and assessment which is easy to implement as a Learning Cycle which is shown in the above diagram. The learning should not just stop at the team, however. Lateral spread of knowledge throughout the company can be implemented by a number of mechanisms. Oral, written and visual presentations; site visit and tours; personnel rotation programmes; education and training programmes will all encourage the spread of knowledge and experiences along with reduction of hierarchy and red tape present in many stagnant companies. To learn from ones mistakes, one must be able to accept failure, analyze the reasons for the failure and take action. Disappointment and mistakes are part of the changing process and essential to learning. A true Learning Organisation will treat mistakes as case studies for discussion, thus learning, and ensuring the same mistake does not happen again. For this to be done without blame, and with implied forgiveness, the learning has to be guided by a neutral mentor or coach. This figure may be from inside or outside the organisation, and need not necessarily possess much authority. It is often beneficial to an organisation to form a list of mentors, whose services they can rely on. If this is the case, then it is a pointer to the fact that the organisation has accepted the theory behind possessing negative capability.

16 Facilitate Learning from the Surrounding Environment "Enthusiastic borrowing replaces the 'not invented here' syndrome; Milliken calls the process SIS, for 'Steal Ideas Shamelessly'." — David Gavin (Building a Learning Organisation) In order to keep a leading edge over its counterparts, the learning organisation has to keep abreast with the happenings in its internal and external environment. Technical and political issues which may exert pressure on the organization's current and future operations are identified and monitored. • Internal sources of information can be work teams, departments or affiliated companies/ institutes within the organisation. • Outside consultants, other players in the same field and even customers are potential external sources. • Disseminating the value-added information in an efficient manner so that it is easily accessed by everyone within the organisation. One suggestion that stands out in the fore-coming age of information highway is putting the computer database on the internet system with limited employee-only access. Joint-ventures provide precious opportunities of actively observing how others' systems are run. In such cases, learning objectives should be clearly stated in the contractual agreements between the allies to avoid any future misunderstandings. Accusations of corporate spying are serious matter hence everything should be brought out in the open right from the start and nothing should be done on the sly. Customers represent the best research and development source as they know exactly what they and the market in general want. Moreover, this invaluable resource is free! Hence, it is worthwhile to try to involve the customers in product/ service design. Facilitate Learning from Employees "Some of the most effective consultants your organisation could ever hire are already working for you." - Jim Clemmer (Firing on all Cylinders) "Employees themselves, more often than not, know what needs to be done to improve operations." - Kanter, Moss (The Change Masters)

17 The above quotes are very true, however it could also be said that in the past a company's employees were there most under-rated and under-used consultants. The importance of this point cannot be over emphasized. The financial implications of learning from within are an obvious long term bonus. It is estimated that only 20% of an employee's skills are utilized. This inefficiency can easily be overcome by training and multi-skilling. Reward Learning "A learning culture rewards breakthroughs and initiative." — Al Flood (The Learning Organisation) The performance appraisal is meant to reflect the organization's commitment to create a learning culture, that is, to promote acquisition of new skills, teamwork as well as individual effort, openness and objectivity and continuous personal development. The fragile human ego yearns for acknowledgement from superiors and fellow colleagues for one's work, in some form of reward or, simply, feedback. Everyone wants to feel that he or she is doing a 'real' job and actively contributing to the proper functioning of the organisation. Caution should be taken when defining benchmarks for performance appraisal. No self-conscious member in the organisation should be left feeling neglected. When individuals lose confidence or give up hope, the learning organisation has failed. Therefore, the efforts put in and learning gained throughout the process should be recognized as well as the end-result. In addition, considerations taken in the performance appraisal should be incorporated into criteria for hiring new employees and promoting current staff. Annual performance reviews for pay-raise and promotion serve well for long term feedback and reward. However, it is also very important to have feedback and reward on a short term basis such as having one's mistake pointed out on-the-spot, and receiving appreciation and recognition there and then. Sometimes, being able to witness the overall accomplishment of one's work is self rewarding. A Proper Selfishness If the Learning Organisation is properly selfish, it is clear about its role, its goals, its future, and is determined to reach them. This may sound extremely obvious, but does "to make profits" really suffice?

18 Rather it should be asking: • What are the strengths, talents and weaknesses of the organisation? • What sort of organisation does it want to be? • What does it want to be known for? • How will its success be measured, and by whom? • How does it plan to achieve it? The answers for most organisations must start with the customer or client — who are they? What do they really want and need? . This is really the essence of the phrase “a proper selfishness” — it is right that the organisation think of itself in the ways outlined above, but it must remember why it is there. It is there for the sole purpose of serving customers and clients (otherwise how could it exist?). If an organisation neglects this fact, it is exhibiting “improper selfishness” , and is ultimately set for failure. A Sense of Caring Learning Organisations want everyone to learn and they go to great effort to make that possible. Apart from the points developed above, there are other initiatives: • Tuition reimbursement schemes (as found in many American companies) • Opportunities to sit in higher level management meetings (as in Japan) • Projects to encourage personal development • Horizontal careers to open up new possibilities • Brainstorming parties around new problems • Rewards tied to output, not to status; to performance, not age • Public encouragement of questions at all levels • The encouragement of initiative • Constant celebration of achievement These points can all be summed up into one phrase — care for the individual. People do not take risks with those that they do not trust or genuinely care for. It then follows that organisations which possess a friendly and trustworthy working environment are more likely to succeed in today’s climate of change, when calculated risk taking is part of getting ahead of the field.

19 9.10 BEHAVIOURAL CHANGE TO IMPLEMENT There are five disciplines as described by Peter Senge, which are essential to a learning organisation and should be encouraged at all times. These are: • Team Learning • Shared Visions • Mental Models • Personal Mastery • Systems Thinking Team Learning Virtually all important decisions occur in groups. Teams, not individuals, are the fundamental learning units. Unless a team can learn, the organisation cannot learn. Team learning focuses on the learning ability of the group. Adults learn best from each other, by reflecting on how they are addressing problems, questioning assumptions, and receiving feedback from their team and from their results. With team learning, the learning ability of the group becomes greater than the learning ability of any individual in the group. Shared Visions To create a shared vision, large numbers of people within the organisation must draft it, empowering them to create a single image of the future. All members of the organisation must understand, share and contribute to the vision for it to become reality. With a shared vision, people will do things because they want to, not because they have to. Mental Models Each individual has an internal image of the world, with deeply ingrained assumptions. Individuals will act according to the true mental model that they subconsciously hold, not according to the theories which they claim to believe. If team members can constructively challenge each others’ ideas and assumptions, they can begin to perceive their mental models, and to change these to create a shared mental model for the team. This is important as the individual’s mental model will control what they think can or cannot be done.

20 Personal Mastery Personal mastery is the process of continually clarifying and deepening an individual’s personal vision. This is a matter of personal choice for the individual and involves continually assessing the gap between their current and desired proficiencies in an objective manner, and practicing and refining skills until they are internalised. This develops self esteem and creates the confidence to tackle new challenges. The Fifth Discipline - Systems Thinking The cornerstone of any learning organisation is the fifth discipline - systems thinking. This is the ability to see the bigger picture, to look at the interrelationships of a system as opposed to simple cause-effect chains; allowing continuous processes to be studied rather than single snapshots. The fifth discipline shows us that the essential properties of a system are not determined by the sum of its parts but by the process of interactions between those parts. This is the reason systems thinking is fundamental to any learning organisation; it is the discipline used to implement the disciplines. Without systems thinking each of the disciplines would be isolated and therefore not achieve their objective. The fifth discipline integrates them to form the whole system, a system whose properties exceed the sum of its parts. However, the converse is also true - systems thinking cannot be achieved without the other core disciplines: personal mastery, team learning, mental models and shared vision. All of these disciplines are needed to successfully implement systems thinking, again illustrating the principal of the fifth discipline: systems should be viewed as interrelationships rather than isolated parts. The Laws of the Fifth Discipline 1. Today’s problems come from yesterday’s solutions. Solutions shift problems from one part of a system to another. 2. The harder you push, the harder the system pushes back. ‘Compensating feedback’: well intentioned interventions which eventually make matters worse. 3. Behaviour grows better before it grows worse. The short-term benefits of compensating feedback are seen before the long-term disbenefits. 4. The easy way out usually leads back in. Familiar solutions which are easy to implement usually do not solve the problem. 5. The cure can be worse than the disease. Familiar solutions can not only be ineffective; sometimes they are addictive and dangerous.

21 6. Faster is slower. The optimal rate of growth is much slower than the fastest growth possible. 7. Cause and effect are not closely related in time and space. The area of a system which is generating the problems is usually distant to the area showing the symptoms. 8. Small changes can produce big results-but the areas of highest leverage are often the least obvious. Problems can be solved by making small changes to an apparently unrelated part of the system. 9. You can have your cake and eat it too - but not at once. Problems viewed from a systems point of view, as opposed to a single snapshot, can turn out not to be problems at all. 10. Dividing an elephant in half does not produce two small elephants. Systems' properties depend on the whole. 11. There is no blame. The individual and the cause of their problems are part of a single system. 9.11 SUMMARY Hopefully studying this Unit has given you an insight into the Learning Organisation philosophy. With any luck it should have given you a few pointers and ideas to implement it in organisations. The perfect Learning Organisation is not an attainable goal; it is merely a desirable concept: there is no correct implementation of the Learning Organisation. Every organisation can continuously adapt and adjust and some will be better Learning Organisations than others, but every one of them has something new to learn. Finally it should be mentioned that the Learning Organisation is just a means to a business goal, created to improve productivity and most importantly profit. Quite how long this philosophy will remain fashionable is unknown. What is certain is that for any company in today's global marketplace continuous change and adaptation is the only way to survive.

22 9.12 KEY WORDS Organisational Learning Exploration Exploitation Levels of Organisational Learning Awareness Environment Leadership Empowerment Declared Strategy Reward Learning Team Learning 9.13 SELF ASSESSMENT QUESTIONS 1. What do you mean by Organisational Learning? 2. Define Organisational Learning. 3. Explain the types of Organisational Learning. 4. What are the Levels of Organisational Learning? 5. Critically evaluate the need for Learning Organisation. 6. Discuss the Process of creating Learning Organisation. 7. Explain the Implementation Strategies of Learning Organisation. 8. Critically Evaluate the Golden Rules to Develop Learning Organisation. 9. Discuss the Behavioural Changes to Develop Learning Organisation.

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UNIT-10 : EMPLOYEE TRAINING Structure 10.0 Objectives 10.1 Introduction 10.2 Need and Rationale

of Training 10.3 Definition of Training 10.4 What Does Training Include? 10.5 Objectives

of Training 10.6 Training, Development and Education 10.7 Significance of Training 10.8 Benefits of Training to

Employers 10.9 Benefits of Training to Employees 10.10 Changing Facets of Training 10.11 Designing a Training

Programme 10.11.1 Identification of Training

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Evaluation of Training. 10.12 Essentials of Good Training 10.13 Types of Training 10.14 Methods of Training 10.15 Choosing the Right Training Method 10.16

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25 10.0

OBJECTIVES After studying this unit, you should be able to: •

Know about need and rationale of training • Define training • Differentiate between Training, Development and Education • Evaluate Significance of training • Know benefits of Training to Employers and Employees • Appreciate the Process of Designing a Training Program • Evaluate Essentials of good training • Understand Types of Training • Identify Methods of Training • Highlight the Right Training Method

10.1 INTRODUCTION The literature in training and development, like other professional disciplines, is continuously evolving. It is the most important part of human resource management because the organizations conduct training, workshops for its newly recruited employees and existing people to cater the need of growing demands of business competition. As such, you will often find different meanings attached to the same terms. Thus, it is important for us to be clear about the terms and concepts we are using in training and development. Largely, Human Resource department has been associated with procuring and hiring the human resources. But, after the newly appointed employees join the organization, it is necessary to impart training to them in order to make them competent for the jobs that they are supposed to handle. In modern industrial environment, the need for training of employees is widely recognized to keep the employees in touch with the new technological developments. Every company must have a systematic training programme for the growth and development of its employees. It may be noted that term 'training' is used in regard to teaching of specific skills, whereas the term 'development' denotes overall development of personality of the employees. This chapter studies the various methods of training and development, which are used by various organizations, particularly those engaged in the business and industrial activities.

26 10.2 NEED AND RATIONALE

OF TRAINING Training is important, not only from the point of view of the organization, but also for the employees. It gives them greater job security and an opportunity for career advancement.

A skill acquired through training is an asset for the organization and the employee. The benefits of training stay for a very long time. Training can become obsolete only when there is a complete elimination of the desired for that skill and knowledge, which may happen because of the technological changes. In general terms, the need for training can arise because of the following reasons: (i) Changing Technology.

Technology is changing at a fast pace. Be it any industry, technological changes are changing the way in which operations were done. Newer machines are being used for automation of the processes. Computers have made the controls very easy. Advances in information technology have enabled greater degree of coordination between various business units, spread far across the globe. In order to keep themselves abreast with the changes, the employees must learn new techniques to make use of advances in the technology. Training needs to be treated as a continuous process to update the employees in new methods and procedures. (ii) Demanding Customers. As the free markets become stronger, customers are becoming more and more demanding. They are much more informed about the products. They have many sources of information. Intensified competition forces the organizations to provide better and better products and services to them. Added to the customer conscious, their requirements keep on changing. In order to satisfy the customers and to provide best of the quality of products and services, the skills of those producing them need to be continuously improved through training. (iii) Thrust on Productivity. In the competitive times, organizations cannot afford the extravaganza of lethargy. They have to be productive in order to survive and grow. Continuous improvement of the employees' skills is an essential requirement for maintaining high standards of productivity. Productivity in the present times stems from knowledge, which has to be relearned continuously.

27 (iv) Improved motivation. Training is a source of motivation for the employees as well. They find themselves more updated while facing the challenging situations at job. Such skill development contributes to their career development as well. Motivated employees have lesser turnover, providing an organization with a stable work force, which has several advantages in the long run. (v) Accuracy of output Trained workers handle their job better. They run their machines safely. They achieve greater accuracy is whatever job they do. This reduces accidents in the organizations. Adherence to accuracy infuses high standards of quality in the products and services, thus giving them a competitive edge in the difficult times. Quality reduces wastages and ensures better customer satisfaction. (vi) Better Management. Training can be used as an effective tool of planning and control. It develops skills of the workers for future and also prepares them for promotion. It helps them in reducing the costs of supervision, wastages and industrial accidents. It also helps increase productivity and quality.

10.3 DEFINITION OF TRAINING

Training is often looked upon as

an organized 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. There are several textbook definitions of training, but the one by Edwin B Flippo is generally well accepted.

According

to

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 behaviour of those trained and to enable them to

do their jobs better. Training makes newly appointed employees fully productive in lesser 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.

28

Training is a continuous process and does not stop anywhere. The top management should ensure that any training programme should attempt to bring about positive changes in the knowledge, skills, and attitudes of the employees.

Training is an organized activity aimed at imparting information and /or instructions to improve the recipient’s

performance or to help him or her attain a required level of knowledge or skill. “The manipulation of conditions to enable a person or team to develop the competency required to fulfill their work responsibilities or undertake some other

purposeful activity.” According to Patrick “Training is the systematic development of the attitudes/ knowledge/skill

behaviour patterns required by an individual in order to perform adequately a given task or job.” 10.4 WHAT DOES

TRAINING INCLUDE ? Udai Pareek has observed that there are three elements of training – purpose, place and time.

Training without a purpose is useless because nothing would be achieved out of it. The purpose must be identified

carefully and now there are a large number of techniques, to be discussed in subsequent lessons, available for

establishing training needs. After having identified the purpose of a training programme, its place must be decided i.e.

whether it has to be on the job or off the job. If training is off the job type where it need to be conducted, Place would

decide the choice of training method and also influence its effectiveness. The next element is the time. Training must be

provided at the right time. A late training would provide outdated knowledge, which would be useless for the employees.

The timing has also to be specified in physical terms, i.e. which month/week of the year and at what time of the day. This

can have a lot of ramifications in terms of the cost of training and its ultimate efficacy in achieving the desired results. The

purpose of training is to bring about improvement in the performance of the human resources. It includes the learning of

such techniques as are required for the intelligence performance of definite tasks. It also comprehends the ability to think

clearly about problems arising out of the job and its responsibilities and to exercise sound judgment in making decisions

affecting the work. Lastly, it includes those mental attitudes and habits, which are covered under the general term

‘morale’.

29 10.5 OBJECTIVES

OF TRAINING The objectives of training can vary, depending upon a large number of factors. The objectives depend on the nature of the organization where training has to be provided, the skills desired and the current skill levels. It is difficult to draw generalizations of the objectives of training; still they can be stated as under: 1.

To increase the knowledge of workers in doing specific jobs. 2. To

systematically impart new skills to the human resources

so that they learn quickly. 3.

To bring about change in the attitudes of the workers towards fellow workers, supervisor and the organization. 4. To improve the overall performance of the organization. 5.

To make the employees handle materials, machines and equipment efficiently and thus to check wastage of time and resources. 6.

To reduce the number of accidents by providing safety training to employees. 7. To prepare employees for higher jobs by developing advanced skills in them. 10.6

TRAINING, DEVELOPMENT AND EDUCATION No longer do the organizations talk of training in isolation. It is usually addressed along with development. While referring to the conjugation of the two processes, Dale Yoder has observed "The use of the terms training and development in today's employment setting is far more appropriate than 'training' alone since human resources can exert their full potential only when the learning process goes far beyond simple routine". Although the terms training and development are used together, they are often confused. Training means learning the

basic skills and knowledge necessary for a particular job or a group of jobs.

In other words,

training is the act of increasing the knowledge for doing a particular job.

But development refers to the growth of an individual in all respects.

An organization works for the development of its executives

or potential executives in order to enable them to be more effective in performing the various functions of management.

An executive development programme aims at increasing the capacities of the individuals to achieve the desired objectives. Executive capacities imply his personal abilities and potentials. Desired objectives imply consideration for the goals of the organization and individuals. Increasing the capacities implies that change must, occur in the executive and through him in his subordinates. The distinction between training and development is shown in Table 1.1.

30 Training is also different from education in the following respects: • Training it is concerned with increasing knowledge and skills in doing a particular job. The major burden of training falls upon the employer. But education is broader in scope. Its purpose is not confined to developing the individuals, but it is concerned with increasing general knowledge and understanding of total environment. • Education generally refers to the formal learning in a school or a college, whereas training is vocation oriented and is generally imparted at the work place. • Training usually has mere immediate utilitarian purpose than education. 10.7 SIGNIFICANCE OF TRAINING

Fostered by technological advances, training is essential for any human resource development exercise in organizations in the rapidly changing times of today. It is an essential, useful and productive activity for all human resources working in an organization, irrespective of the job positions that they hold. It benefits both employers and the employees, as will be discussed later. The basic purpose of training is to develop skills and efficiency. Every organization has to introduce systematic training programmes for its employees. This is because

Training Development 1. Training means learning skills and knowledge for doing a particular job and increases skills required for a job. 2.

Training generally imparts specific skills to the employees. 3.

Training is concerned with maintaining and improving current job performance. Thus, it has

a short-term perspective. 4. Training is job centered in nature. 5. The role of trainer or supervisor is very important in training. 1.

Development

refers to the growth of an employee in all respects. It is more concerned with shaping the attitudes. 2. Development is more general in nature and aims at overall growth of the executives. 3.

Development builds up competences for future performance and has a long-term perspective 4. Development is career-centered in nature. 5.

All development is 'self-development' and the executive has to be internally motivated for the same

trained personnel are like valuable assets of an organization, who are responsible for its progress and stability. Training is important as it constitutes a vital part of managerial control. Most progressive organizations view expenditure on training as a profitable investment. Large organizations hire a large number of persons every year, who might not know how to perform their jobs. There are also certain types of jobs where no one can afford an untrained person. For instance, nobody would dream of allowing an untrained individual to work as a pilot or operate a lathe. Such raw hand persons must be trained properly so that they may contribute to the growth and well being of the organization. The responsibility for imparting training to the employees rests with the employer. If there is no formal training programme in an organization, the workers will try to train themselves by trial and error or by observing others. But this process will take a lot of time, lead to many losses by way of errors and will ultimately result in higher costs of training. The workers may not be able to learn the best operative methods on their own. The

following discussion highlights some of the potential benefits of training to the employees and the employers. 10.8

BENEFITS OF TRAINING TO EMPLOYERS

The employers invest in training because they reap several benefits out of the exercise,

which can be summed up as under: (i) Faster learning of new skills Training helps the employers to reduce the learning time of their employees and achieve higher standards of performance. The employees need not waste time in learning by observing others. If a formal training programme exists in the organization, the qualified instructors will help the new employees to acquire the skills and knowledge to do particular jobs quickly. (ii) Increased productivity Training increases the skill of the new employee in while performing a particular job. An increased skill level usually helps in increasing both quantity and quality of output. Training can be of great help even to the existing employees. It helps them to increase their level of performance on their present job assignments and prepares them for future assignments.

32 (iii) Standardization of procedures Training can help the standardization of operating procedures, which can be learnt by the employees. Standardization of work procedures makes high levels of performance rule rather than exception.

Employees work intelligently and make fewer mistakes when they possess the required know-how and

skills. (iv) Lesser need for supervision. As a generalization, it can be stated safely that trained employees need lesser supervision. Training does not eliminate the need for supervision, but it reduces the need for detailed and constant supervision. A well-trained employee can be self-reliant in his/her work because s/he knows what to do and how to do.

Under such situations, close supervision might not be required. (v) Economy of operations. Trained personnel will be able to make better and economical use of the materials and the equipment and reduce wastage. Also, the trained employees reduce the rate of accidents and damage to machinery and equipment. Such reductions can contribute to increased cost savings and overall economy of operations. (vi). Higher morale. The morale of employees is increased if they are given proper training. A good training programme moulds employees' attitudes towards organizational activities and generates better cooperation and greater loyalty. With the help of training, dissatisfactions, complaints, absenteeism and turnover can also be reduced among the employees. Thus, training helps in building an efficient and co-operative work force. (vii) Managerial Development The top management can identify the talent, who can be groomed for handling positions of responsibility in the organizations. Newer talent increases the productivity of the organizations. By providing opportunity for self-development, employees put in their best effort to contribute to the growth of the organization.

33 10.9

BENEFITS OF TRAINING FOR EMPLOYEES The employees are the ultimate link in an organization, which carry out the operations. Training can help them in several ways, as mentioned below: (i) Increasing Confidence.

Training creates a feeling of confidence in the minds of employees, who feel comfortable while handling newer challenges. It gives a

feeling of safety and security to them at the work place. (ii) New Skills. Training develops skills, which serves as a valuable personal asset of

a worker. It remains permanently with the worker himself. (iii) Career advancement. The managers can develop their skills to take up higher challenges and work in newer job dimensions. Such an exercise leads to the career development of the employees, who can move up the corporate hierarchy faster. (iv) Higher Earnings. Higher earnings are a consequence of career development. A highly trained employee can command high salary in the job market and feel more contented. (v)

Resilience to change In the fast changing times of today, training develops adaptability among workers. The employees feel motivated to work under newer circumstances and they do not feel threatened or resist any change. Such adaptability is essential for survival and growth of an organization in the present times. (vi)

Increased Safety. Trained workers handle the machines safely. They also know the use of various safety devices in the factory,

thus, they are less prone to accidents. It can be concluded that in light of several benefits, training is an important activity, which should be taken very seriously by the employees as well as the employers.

34 10.10 CHANGING FACETS OF TRAINING

The present time of rapid change has its influence on training also. Lynton and Pareek have identified the following salient changes that have occurred in training in last thirty years: 1. Training has changed from training individuals to training teams of people, comprising of members across the hierarchies. 2. Training has acquired an inter-group learning character. 3. Training is finding itself linked with the organizational development process. It is a part of a higher-end corporate relearning exercise. 4. Socio-technical systems are influencing the training processes in organizations. 5. Target audience of audience is also undergoing a compositional change. There are more number of females and people from diverse ethnic groups and castes working in the organizations. This creates diversity in the training activity as well. 6. Technologies, government and markets are undergoing a rapid change. (This issue is not being addressed to in detail here as it requires a detailed discussion, which is usually included in the paper on business environment). 7. Training extends beyond employees and includes clients, suppliers, and public as well, making a learning organization into a learning system. The changes have to be learnt by the organizations to ensure effectiveness of training exercise. The roles, responsibilities of the trainers are undergoing changes, and are discussed hereunder.

10.11 DESIGNING A TRAINING PROGRAMME Some of the typical steps in designing a training programme are: (i) Identification of training needs. (ii) Setting training objectives. (iii) Organizational set-up for training (iv) Training operations. (v) Evaluation of training.

35 The above steps are represented as follows: ?

Identification of Training Needs o Organizational Analysis o Task Analysis o Human Resource Analysis ? Setting Training Objectives ? Organisation of Training Programme o Trainee and Instructor o Period

of Training o Training Methods and Material ? Evaluation of Training 10.11.1 Identification of Training Needs The present time is the age of change. In all the spheres of organizational activity, there is a very rapid change. Technology has become the most important harbinger of the change process. In order to remain competitive, people have to learn newer skills and keep themselves updated. This calls for a constant training. The process of change has influenced even the process of training itself. Earlier the people were acquiring training through apprenticeship and vocational courses, which are not sufficient in the modern era of industrialization. It is necessary to identify the training needs because of the following reasons: (a) Adoption of new techniques in an organization and introduction of modern working methods. For example, Computerization of the office as has been done in banks, railways etc. The staff needs to be trained to handle the newer gadgets. (b) Although it is often said that workforce is cheap in India, but they do not measure up to the global standards in terms of productivity. Poor performance by the workers as reflected by low output, lack of initiative, incompetence, and bad decisions this requires their systematic training. (c) Wide gaps exist between what workers should be doing and what they are doing. (d) Analysis of the strengths and weaknesses of an organization may pinpoint the areas of weaknesses, which need to be handled seriously.

36 Training needs can be identified from an organization's human resource plan. While preparing plans, the current skills with expected needs for future should be kept in mind and the deficiencies be highlighted. Some organizations prepare 'skills-inventories' classifying employees according to their qualifications, technical knowledge, experience and various skills. The gaps between the existing and required levels of knowledge, skills, performance and attitudes should be specified. The problem areas that can be resolved through training should also be identified.

Training needs can be identified through the following types of analysis: (

i) Organizational analysis (a) Analysis of objectives (b) Resource utilization analysis (c) Climate analysis (ii) Task analysis (iii) Manpower or Human Resource Analysis: (i) Organizational

Analysis. Organizational analysis is basically a systematic study of an organization's objectives, resources, resource allocation and utilization, growth potential and its environment. Its purpose is to determine where

training emphasis should be placed in the organization for increasing organizational effectiveness. Organizational analysis involves the following elements: (a) Analysis of Objectives. The long-term and short-term objectives and their relative priorities should be properly analyzed. Specific goals for various departments should be stated which will serve as means for achieving the overall organizational objectives. The management would have to examine what are the specific training inputs that would contribute towards the achievements of these objectives. (b) Resource Utilization Analysis. The allocation of human and physical resources and their efficient utilization in meeting the operational targets should be analyzed. In order to examine the need for training, it should be found out whether adequate number of personnel are available to ensure the fulfillment of the goals or not. Also, it is important to know whether the personnel performance is upto the required standards.

37 (c) Climate Analysis. An organization's climate reflects the attitudes of its members with regards to trust, loyalty, openness, commitment to organizational goals. Analysis of an organization's climate determines whether the environment, when analyzed in different departments is conducive to the fulfillment of their goals. This will help in knowing areas where training is needed to improve the climate of the organization. (ii) Task Analysis. It is a systematic analysis of jobs to identify job contents, knowledge, skills and aptitudes required to perform the job. Particular attention should be paid to the tasks to be performed, the methods to be used, the way employees learn these methods

and the performance standards required of employees.

Questionnaires, interviews, personnel records, observation and other methods can be used to collect information about jobs in

the organization. In task analysis, the main focus is on the job or task. Task analysis requires the study of various types of skills and training required to perform

to the job effectively. (iii) Manpower Analysis. The quality of manpower required by the organisation has to be carefully analysed. It has to be done in the light of both internal and external environment of the organisation. The economic, social, technological and political environment of the organisation should be properly scanned to determine the quality of human resources desired. To achieve these quality standards, specific training needs should be determined on the following lines: (a)

Specific areas where individuals need training, (b) The capability of present workforce to learn new skills and behaviours, (c) The time frame within which training must be imparted, and (d) Job designing and redesigning, introduction of new work methods and

technology. 10.11.2 Training Objectives Once the training needs are identified, the next step is to define specifically training objectives and to decide upon the methods to be adopted to achieve these objectives. The overall aim of any training programme is to increase organizational effectiveness. However, each training programme must also have specific objectives such as:

38 1. Increased productivity 2. Improved quality 3. Better human resource planning 4. Higher morale 5. Better health and safety 6. Prevention of obsolescence 7. Enhanced personal growth These objectives contribute to organizational effectiveness. 10.11.3 Organizational Set-Up for Training Training has to be imparted by the people and in order to enable them work effectively; organization must have a structure that makes them work effectively and efficiently. However the issue of establishing a training center within a company has to be addressed from the very first question that whether is it really feasible to have a separate training center at all or not? Advantages of having in-house training center: In case a company decides to have its own training center, then it can reap several advantages, as mentioned below: (i) Training programme shall be under the direct control of the executives. (ii) The likeliness of a training programme to adhere to the objectives increases if it is being organized within the organization. (iii) If training is a regular exercise, as it is the case of software, pharmaceuticals and other companies, then it is feasible to have a separate training center. In such companies, training of staff continues throughout the year. So, the overhead expenses are reduced. Even permanent staff can be hired for management and imparting the training. (iv) An in-house training center ensures the privacy of training. In the competitive times of today, privacy is an important issue because the competitors can copy the organization's efforts and offset its competitive advantage. (v) Constant review of training effectiveness is easy if it is being imparted within the organization.

39 However, there are arguments favoring outsourcing of training as well. Now a day the facilities required for training, such as hotels, conference rooms, training facilities etc. are available very economically. The external talent can also be hired at an economical cost. The trainees also tend to pay more attention to what is being said by the external expert. Moreover, external talent means more ideas and fresh talent. The emerging scenario is that the companies where training is a regular phenomenon may have a training center, while other might outsource the same. Even those outsourcing the same may have a permanent staff to coordinate and manage the training, while the external experts might be hired for imparting training. Usually, the considerations while deciding having an in-house training center or not are: • The support of the top management towards training. • The amount of investment, which an organization wants to make. • Volume of the training programme. • Continuity of the training programme. • Flexibility of a training programme. • Privacy desired in a training programme. In case a company has an in-house training center, the following issues have to be defined to achieve better effectiveness and avoid clash of responsibilities: Organizational structure The exact position of the training department must be specified in the organizational structure of the company. Training, being a staff function has a risk of being sidelined in a large organization. Some of the typical structures of training department can be: (i) As a part of the personnel department In most companies, human resource development is entrusted upon HRD/Personnel department. In such situation, the training department would function within the authoritative control of the HRD manager. Usually, the new employees undergo an orientation/induction programme, which is organized by this department. In such department, there can be a permanent training manager, who shall plan and manage the training programmes. He shall also evaluate the training programmes and report to the HRD manager. Although rare, organization might hire some permanent faculty to provide the training. The common practice is that some core faculty might be hired, while the external experts might impart specialized training. Usually, the training imparted by this department is more generic in nature.

40 (ii) In the form of a matrix organization The training manager might not be a specialist in all functional areas. While imparting sophisticated training, the common practice is to take a manager from the functional department. For example, if sales training was to be given to the representatives, the sales manager might be asked to plan the same. In such a situation, he shall design the training programme and identify the faculty who shall provide the training. He might even identify the trainees who need to be trained. The training manager, who shall be under the HRD manager, shall organize the training according to the plan suggested by the sales manager. He might arrange for the hotel, training facilities and other necessary paraphernalia required for the training. In such a situation, the training activity is conducted in the form of a matrix organization, where the training manager merely becomes a facilitator of a training programme. (iii) Training by functional heads When training is not a very regular exercise, even the functional heads, such as marketing manager/production manager etc. might undertake the task of organizing the training programmes. They plan and organize the entire programme themselves. Role and Responsibility After the place in the organizational structure, the role and responsibility of the training department must be specified clearly. The risk of role conflict exists particularly in a matrix form of the training department. Each of the managers might see the other as infringing upon the other's authority. Such a situation is not conducive for an effective training. Shared responsibility might not fix the responsibility in case the training does not achieve the desired results. External Organization Several organizations, such as consultancy organizations, professional bodies, government departments, educational institutions etc. specialize in providing training. They contact the prospective organizations and put forth their proposals to conduct training programmes for them. The clients review their proposal and if satisfied, they might nominate their staff to participate in these events. The external organizations can organize the training programme by two modalities: • A training programme dedicated to an organization When there are a sufficient number of the participants to undergo training, the external organization might provide the training exclusively to the organization. The

41 advantage of such an exercise is that the experts and the organization can decide the training objectives by mutual consultation. The planning and control of such a programme becomes easier. The privacy of the training programme is also better in this case. • A training general programme in which delegates of several organizations participate In this situation, the external organizations organize a seminar/workshop or a training capsule and invite delegates from several organizations to participate. The advantage of such a training programme is that the cost is low because only a limited number of the delegates of one organization might participate in the event. The intermixing with people from several organizations gives fresh ideas. The professionals develop networking, which can help them in discharging their professional duties better.

10.11.4 Training Operations From the operational angle, the following activities have to be undertaken to conduct a training programme. (a) Selection of the Trainees. The proper selection of trainees is very important factor that determines permanent and gainful results. A trainee must be provided the training which he really needs. Sometimes, the employees perceive training as a paid vacation. This might lead to wastage of the entire effort. The trainee might receive the training in a subject, which he is not very likely to use. Again, the effort would be of no use. Sometimes, training is also seen as a sign of incompetence. The employees might resist the same. So, proper screening of the candidates for training improves the effectiveness of the training a programme. While giving training to an employee, the first step is to attempt to place him at ease. It is generally seen that many people are somewhat nervous when approaching an unfamiliar task. The instructor should not forget the newness of the training programme to the trainee though he has repeated experience of this. In addition to minimize any possible apprehension, the trainer should emphasize the importance of job, its relationship to the workflow and the importance of rapid and effective learning. Thus, the trainee must be given the proper background information before he starts learning the new skills and knowledge. (b) Training the trainer. The trainer is a key figure of any training programme. Before he is entrusted upon with the task of undertaking the training, he must be judged whether s/he him/

42 herself is competent enough to do the same or not. The firms might engage a qualified instructor from inside or outside the organization. However, many insiders are not good instructors because they might not possess the ability to teach the skill. Trainer needs many qualities besides theoretical competence. He must be able to divide the job into logical parts so that he may take up one part at a time without losing his perspective of the whole. He must be tolerant and patient. He must be able to appreciate the value of training job in relation to the enterprise and an understanding of what the employees would go through in order to acquire the skills and knowledge as envisaged by the programme. The trainer has to have professional expertise to fulfill his responsibility. Therefore, it is desirable that the trainer must have knowledge about the job for which he is going to instruct the trainees. He must be able to suggest solutions to the practical problems faced by the trainees. The trainer should explain and demonstrate the operations step by step and should allow the trainees to repeat these operations. He should also encourage questions from the trainees in order to be sure that the trainees understand the job. (c) Training Period. The duration of a training programme depends upon the skill to be acquired, the trainee's learning capacity and the training methodology used, For example, a simple orientation programme for clerks may require an hour a day over a period of one week, while a course in computer programming may be require two hours a week for 10 weeks. The use of training aids usually helps to reduce the training time. To maintain interest and secure maximum accomplishment, no single session should last longer than two hours. Another issue is whether the training should be given during working hours or after the working hours. If the training is given during working hours, the productivity may suffer and the organization will have to pay for this time. But if the training is arranged after the working hours, the employees may not be able to make full use of training programmes because they might be tired already. For effective training, the training manager should reconcile these situations. (d) Training Methods and Material. There are several on-the-job and off-the-job methods of training, which will be discussed in later section of this unit.

43 To increase the effectiveness of training, some written material is usually desirable as a basis for instruction, review and reference. The training section may prepare the training material with the help of line supervisors to be used for different jobs. A complete outline of the whole course should be made with the main topics included under each heading. The training material should be distributed among the trainees well in advance so that they may come prepared in the lecture class and may be able to understand the subject quickly and may remove their doubts by asking questions from the instructor. 10.11.5 Evaluation of Training Management of training would not be complete without proper evaluation of training. Training is a very costly and time-consuming process. It is essential to determine its effectiveness in terms of achievement of specific training objectives. Individuals like to know how much they learnt or how well they are doing. The sooner employees know the results of a quiz or test, the sooner they can assess their progress. The sooner employees receive positive feedback from the trainer, the less time they will waste. Self-graded tests and programmed learning kits provide the necessary feedback to a person on his progress on a particular subject. This principle does not necessarily mean frequent testing, but the more immediate the feedback on learning the more motivating it is likely to be. Evaluation of training

would provide useful information about the effectiveness of training as well as about the design of future training programmes. It will enable an organization to monitor the training programme and also to modify its future programmes of training. The evaluation of training also provides useful data on the basis of which relevance of training and its integration with other functions of human resource management can be examined.

Training Effectiveness

Training effectiveness is the degree to which trainees are able to learn and apply the knowledge and skills acquired during the programme. It is influenced by the attitudes, interests, values and expectations of the trainees and the training environment. A training

programme is likely to be more effective when the trainees want to learn, are involved in their jobs and have career plans. Contents of training program and the ability of trainers also determine training effectiveness to a certain extent.

44 Some of the criteria to measure training effectiveness are the trainees' reactions, their extent of learning, improvement in job behaviour, and the results at the job. Training evaluation is discussed in detail in the next part of this unit. 10.12 ESSENTIALS OF GOOD TRAINING To sum up, the essentials of good training programmes can be stated as under: (a) Training programme should be chalked out after identifying the training needs or goals. It should have relevance to the job requirements. (b) It must be flexible and should make due allowance for the differences among the individuals as regards ability, aptitude, learning capacity, emotional make-up, etc. (c) It should prepare the trainees mentally before they are imparted any job knowledge or skill. (d) It must be conducted by well-qualified and experienced trainers. (e) An effective training programme should emphasize both theory and practice. It should help in acquiring knowledge and its practical applications. (f) It should have the support of the top management as it can greatly influence the quality of training. (g) Lastly, an effective training programme should be supported by a system of critical appraisal of the outcome of the training efforts. 10.13

TYPES OF TRAINING Training can be classified into many types, depending upon several bases.

On the basis of purpose, several types of training programmes, which are not mutually exclusive, are offered to the employees. They invariably overlap and employ many common techniques.

Some

of

the important

types of training programmes are as follows: 1.

Orientation

or Induction training. 2. Job training. 3. Apprenticeship training 4. Internship training 5. Refresher training 6. Training for promotion.

45 1.

Orientation or Induction Training Induction

relates to introducing or orienting a new employee to the organization.

When a new employee

joins any organization, he needs to be acquainted with

its procedures, rules and regulations. He must be helped to familiarize himself with the work environment and with his

fellow employees. It is better to give him a friendly welcome when he joins the organization, get him introduced to the organization and help him to get a general idea about the rules and regulations, working conditions, etc. of the organization. Employee orientation or induction training basically deals with the introduction of the organization to the newly employed person.

The purpose is to give a 'bird's eye view' of the organization where he has to work. It is a very short and informative type of training given immediately after recruitment. It creates a feeling of involvement in the minds of newly appointed employees.

2. Job Training

When an employee joins an organization, he undergoes job training, which relates to the

specific job, which the worker has to perform. It gives information about machines, process of production, instructions to be followed, methods to be used and so on. It develops skills and confidence among the workers and enables them to perform the job efficiently.

Job training is the most common form of the formal in-plant training programmes. It is necessary for the new employees to acquaint them with the jobs they are expected to perform.

It helps in creating interest of the employees in their jobs.

3. Apprenticeship Training

Apprenticeship training programmes are more inclined towards education than merely on the vocational training. Under this, both knowledge and skills in doing a job or a series of related jobs are involved.

The

governments of various countries,

including India, have passed laws which make it obligatory for

certain classes of employers to provide apprenticeship training to the young people.

The usual

apprenticeship programmes combine on the job training and experience with classroom instructions in particular subjects.

The trainees receive wages while learning and they acquire valuable skills, which command a high wage in the labour market. In India, there are several 'earn while you learn' schemes both in the private as well as public sector undertakings. Such schemes

are

also advantageous to the trainees.

Some employers look upon apprentices as a source of cheap labor.

Apprenticeship training is desirable in industries, which require a constant flow of new employees expected to become all round craftsmen.

It is very much prevalent in printing trades, building and construction, and crafts like mechanics electricians, welders, etc.

4.

Internship Training Under this method of training, the educational or vocational institute enters into an arrangement with an industrial enterprise, or any organization which can utilize their knowledge, for providing practical knowledge to its students.

Internship training is usually meant for such vocations where advanced theoretical knowledge

has

to be backed up by practical experience on the job.

For instance,

engineering students are sent to big industrial enterprises for getting practical work experience and medical students are sent to big hospitals to get practical knowledge.

The period of such training varies from six months to two years. The trainees do not belong to the business enterprises, but they come from the vocational or professional institutions. It is quite usual that the enterprises giving them training absorb them by offering suitable jobs after completion of their trainings.

5. Refresher Training

As the name implies,

the

refresher training is meant for the old employees of the enterprise.

It is also called retraining.

The basic purpose of refresher training

is

to acquaint the existing workforce with the latest methods of performing their jobs and

to improve their efficiency further.

While explaining this,

Dale Yoder has rightly remarked, "Retraining programmes are designed to avoid personnel obsolescence".

The skills with the existing employees become obsolete because of technological changes and because of the tendency of human beings to forget. Thus,

refresher training is essential because of the following factors: (a)

The workers

require training

to bring them up-to-

date with the knowledge and skills and to relearn what they have forgotten. (

b) Rapid technological changes make even the qualified workers obsolete

in course of time

because new technology is associated with new work-methods and job requirements.

The workers need to learn new work methods to use new techniques in doing their jobs.

47 (c) Refresher training becomes necessary because many new jobs that are created due to changes in the demand for goods and services are to be handled by the existing employees.

6.

Training for Promotion

The talented employees may be given adequate training to make them eligible for promotion to higher jobs in the organization. Promotion of an employee means a significant change in his responsibilities and duties. Therefore, it is essential that he

be

provided sufficient training to learn new skills to perform his new duties efficiently.

The purpose of training for promotion is to develop the existing employees to make them fit for undertaking higher job responsibilities.

This serves as a motivating force to the employees.

10.14

METHODS OF TRAINING There is a wide range of training methods and techniques have been developed over the years by various organizations and training

experts

as shown in the table below.

Different training methods are suitable for different categories of people

in the organization. There can be several categories of personnel in an organization,

e.g. managerial and non-managerial, technical, administrative, skilled, unskilled, senior, junior etc. Each organization has to choose the methods and techniques of training which are relevant for its training needs.

Various methods of training may

be broadly classified into the following categories: I.

On-the-job training. II. Vestibule training. III. Off-the-job training.

Methods of Training I. On-the-job Training (at the place of work) (i) Coaching (ii) Understudy (iii) Position Rotation II.

Vestibule Training (adapted to the environment at the place of work)

III.

Off-the-job Training (away from the place of

work) (

i) Special Lecture-cum-Discussion (ii) Conference (iii) Case Study (iv) Sensitivity training (v) Special projects (vi) Committee assignments. I.

On-The-Job Training

On-the-job training is considered to be the most effective method of training the operative personnel.

Under

this method, the worker is given training at the work place

48 by his immediate supervisor.

In other words, the worker learns in the actual work environment. It is based on the principle of 'learning by doing'. On-the-job training

is suitable for imparting skills that can be learnt in a relatively short period of time,

It has the chief advantage of strongly motivating the trainee to learn. It is not located in an artificial situation. It permits the trainee to learn on the equipment and in the work-environment. On-the-job training methods are relatively cheaper and less time consuming.

Another important factor about on-the-job training is that supervisors play an important part in training the subordinates.

There are four methods of on-the-job training explained below: (i)

Coaching. Under this method, the supervisor imparts job knowledge and skills to his subordinate. The emphasis in coaching or instructing the subordinate is on learning by doing. This method is very effective if the superior has sufficient time

to provide coaching to his subordinates. (

ii) Understudy. The

superior gives training to a subordinate as his understudy or assistant. The subordinate learns through experience and observation.

It prepares the subordinate to assume the responsibilities of the superior's job

in case the superior leaves the organization. The subordinate chosen for under-study is designated as the heir-apparent and his future depends upon what happens to his boss.

The purpose of under study is to prepare someone to fill the vacancy caused by death, retirement, promotion, or transfer of the superior. (iii) Position Rotation. The purpose of Position rotation is to broaden the background of the trainee in various positions.

The trainee is periodically rotated from job to job instead of sticking to one job

so that he acquires a general background of different jobs.

However, rotation of an employee from one job to another should not be done frequently.

He should be allowed to stay on a job for a sufficient period

so that he may acquire the full knowledge of the job. Job rotation is used

by many organizations

to develop all-round-workers. The employees learn new skills and gain experience in handling different kinds of jobs.

They also come to know the interrelationship between different jobs. Job rotation is also

49 used to place workers on the right jobs and prepare them to handle other jobs in case of need.

Importance of On-the-job training On-the-job training techniques are

most appropriate for teaching knowledge and skills that can be learnt in a relatively short time

and where only one or a few employees are to

be trained at the same time for the same job.

But the success of the training depends almost entirely on the trainer. If he

understands training principles and methods and if he takes an interest in proper training

of new employees, chances are that it will be done properly. On-the-job training has the

chief advantage of strongly motivating the trainee to learn. It is not located in an artificial situation, either physically or psychologically. It permits

the trainee to learn at the actual equipment and in the environment of the job. On-the-

job training methods are relatively cheaper and less time consuming. If only a few persons are to be trained at one time, it is cheaper for the employer

to resort to on- the-job training. It will take less time to learn on the job itself and, moreover, production does not suffer.

Another important factor about on-the-job training is that

line supervisors take an important part in training their subordinates.

On-the-job training is the most effective method of training the

employees because it is in complete accord with the three basic laws of learning: (i) The law of readiness; (ii) The law of exercise; and (iii) The law of effect. When a person is confronted with a job which he is potentially able to do and is interested in learning how to do a job in order to hold it;

the law of readiness is definitely satisfied. Such a situation presents a good incentive for learning. The second law of learning is that of exercise and it is satisfied when a person is trained on the job. He has the chance to immediately apply what he has been trained to understand and to do. The law of effect is likewise satisfied through on-the-job training. If the training is good and new employee is intelligently dealt with by his supervisor, he will get satisfaction out of his work and feel secured in the job. He will be better satisfied than he would have been if he had been left to learn by trial and error method.

50 II.

Vestibule Training Vestibule means a cabin and the term 'vestibule training' is used to designate training in a cabin (or a classroom) for semi-skilled jobs. It is more suitable where a large number of employees have been trained at the same time for the same kind of work.

Where

ever this

method is used, there should be well-qualified instructors in charge of training programme. Here the emphasis tends to be on learning rather than production. It is frequently used to train clerks, machine operators, typists, etc.

Vestibule training is adapted to the general type of training problem that is faced by on-the-job training. A vestibule school is run as a special endeavor of the personnel department.

An attempt is made to duplicate, as nearly as possible, the actual material, equipment and conditions found in the real work place.

The vestibule school may be started when the training work exceeds the capacity of the line supervisors. Thus, in vestibule training, the workers are trained on specific jobs in a school run by the organization.

An attempt is made to create working

conditions, which are similar to the actual workshop conditions. The learning conditions are also carefully controlled.

Vestibule training is particularly suitable where it is not advisable to put the burden of training on line supervisors and where a special coaching is required. The staff of the vestibule school consists of expert and specialist instructors.

The trainees avoid confusion and pressure of the work situation and are thus able to concentrate on training.

Their activities do not interfere with the regular processes of production.

Moreover, trainees get an opportunity to become accustomed to work routine and recover from their initial nervousness before going on to actual jobs. Vestibule training has certain demerits also.

The artificial training atmosphere may create the adjustment problem for the trainees when they return to the place of job. Vestibule training is relatively expensive because there is duplication of materials, equipment and conditions found in a real

work-place. III.

Off-The-Job Training The biggest merit of on-the-job training methods is that they do not

require the worker to be absent from his work place.

There is no disruption in the normal activities. However, when the training is specialized, or needs the use of sophisticated equipment, or needs a specialist trainer, it might not be feasible to provide the training while on job. For such situations, off-the-job training methods are used by the organizations.

Off-the-job training methods require the worker to undergo training for a specific period away from the work-place.

These methods are concerned with both knowledge

51 and skills in doing certain jobs.

The workers are free of tension of work while they are learning.

There are several off-the-job methods of training and development as described below: (i) Special Lecture cum Discussion.

Training through special lectures is also known as 'class-room training'. It is more associated with imparting knowledge than with skills. Some executives of the organization or specialists from vocational and professional institutes may deliver the special lectures.

Many firms also follow the practice of inviting experts for special lectures for the staff on matters like health, safety, productivity, quality, etc. There are certain aspects of nearly all jobs that can be learnt better in the classroom than on the job. Orientation about organization and safety training can be accomplished more effectively in the classroom.

The standard instructional method suitable for operative employees is a 'formal lecture' by an instructor to the trainees.

The lecturer possesses a considerable depth of knowledge of the subject at hand. He seeks to communicate his thoughts in such a manner as to interest the class and cause the trainees to retain what he has said.

The trainees generally take notes as an aid to learning. The lecture method can be used for providing instructions to large groups. Thus, the cost per trainee is low.

However, it

has certain limitations also. The learners may be passive. It violates the principle of learning by doing and constitutes one-way communication.

But if the learners are permitted to ask questions, they will provide feedback to the instructor. Lectures can easily be combined with other techniques. Thus, a teacher may conduct a class by the combined lecture-cum-discussion method. He may lecture only to add new information that the group does not possess. Formal reading assignment may be given, demonstration may be presented and video films may be shown along with the lecture. (ii) Conference / Seminar Training.

The literal meaning of conference is 'consultation'. But in practice, conference implies sharing some information with an audience of a large number of people. It is conducted in a big hall where the participants are allowed to exchange their views and raise queries. The proceedings of the conference are conducted by the chairman who is also responsible for summing up the proceedings of the conference. Now a day video conferencing is also gaining popularity under which people can participate in the conference through link via satellite.

52 A conference is a group meeting conducted according to an organized plan in which the members seek to develop knowledge and understanding by oral participation. It is an effective training device

for persons in the positions of both conference member and conference leader. As a member, a person can learn from others by comparing his opinion with those of others.

He learns to respect the viewpoints of others and also realizes that there is more than one workable approach to any problem. Seminars are also used for bringing various people to a platform where they discuss various issues relating to work.

This helps them in understanding others' viewpoints, making him/her to

understand and seek solutions to the problems, which they might not be able to solve themselves.

Seminars offer brainstorming platforms where more than one brains work on solving work-related problems. Seminars can include lecturing by external experts as well. Seminars can be within the organization or the trainees can be nominated to participate in those being organized by other institutions. (

iii) Case Study. The case method is a means of simulating experience in the classroom.

Under this method,

the trainees are given a problem or case which is more or less related to the concepts and principles already taught. They analyze the problem and suggest solutions which are discussed in the class. The instructor helps them reach a common solution

to the problem. This method gives the trainee an opportunity to apply his knowledge to the solution of realistic problems.

Cases may be used in either of the two ways. Firstly, they can be used subsequent

to the expansion of formal theory under which the trainees apply their knowledge of theory to specific situations. Secondly, the trainees may be assigned the cases for written analysis and oral discussion in the class without any prior explanation of pertinent concepts and theory. The case study places heavy demands upon the trainees and requires that they should have a good deal of maturity in the subject-matter concerned. The comprehension of cases can also vary. The trainer has to put forward the underlying idea of the case so that it is understood in a proper perspective. (iv). Role Play In this technique, the trainees are made to experience what others feel of a particular situation. They understand the viewpoint of others and come to know of constraints within which others are working. Such an interaction and understanding helps in reducing the dysfunctional conflicts within the organizations. Many times, various departments of the organizations disagree because they do not understand each others' viewpoint. Role playing is an effective training technique to bridge the differences between them. Besides, this, it is an effective method to prepare the trainees to face the situations that they are likely to face while discharging their duties. For example, the sales staff is often asked to play the role of the customers to understand how they might behave in a given situation. They become trained enough to face the likely situations. Role-playing is a very flexible training method. It may be elaborately pre-planned, with each task specified. Usually, a discussion is done at the end to sum up the situation after role-play. This planning helps in time management otherwise the exercise can go uncontrolled. (v). Behavioural Simulation Games These focus primarily on the process of inter-personal relations, on how decisions are made, and with what consequences, rather than on the substance of the decisions. Sometimes, structured exercises are used to connote all types of simulations, but there exists a distinction between a game and an exercise. Games have set rules and have predictable results. Often, their design is hidden in order to highlight a behavioral process and to dramatize its effects. The repetition of the game becomes meaningless once the trainees learn the secret of the game. On the other hand, exercises simulate a process that can be repeated until learning is assured. They provide scope for improvisation, adaptation, and redesigning according to the personal and situational needs. Over time, trainers have developed several steps for designing instructional simulation. Some of the steps for the same are: 1. Defining the instructional problems 2. Describing operational educational system. 3. Relating the operational system to the problem. 4. Specifying objectives in behavioural terms. 5. Generating criterion measures. 6. Determining appropriateness of simulation. 7. Determining the type of simulation required. 8. Developing specifications of simulation experience. 9. Developing simulation type prototype. 10. Trying out simulation type prototype. 11. Modifying simulation type prototype. 12. Conducting field trial. 13. Making further modifications to the system on the basis of the field trial. (vi) In-basket Exercises These are more elaborate simulation exercises in which a complex organization is created in the form of an office environment. The trainees work in an office setting with their in-basket full of interdepartmental memos, letters, reports, forecasts and other data on their desks, as one receives in an office. The normal phone calls, emails and face to face meetings also keep on happening to give a real office-like environment. Such a simulation of the office in-basket familiarizes the trainees with the role that they are expected to play. They also get acquainted with the nature of communication that they have to perform in the work-settings. Critical incidents are also included in the in-basket to familiarize to the trainees. While this is one of the most real-life experiences, the trainees might get carried away with the enactment of the scene and might not achieve the desired goal, i.e. learning. (vii) Laboratory training Laboratory training provides the participants with an extensive experience of how various groups and individuals interact in group situations. Laboratory is a controlled environment for training where the external factors are not allowed to interfere with the training process. The biggest advantage of laboratory training is its effectiveness and the

limitation is that controlled conditions might not provide a real-life enactment of the situation. 10.15 CHOOSING THE RIGHT TRAINING METHOD The availability of a wide range of training methods and techniques poses a problem of choosing the one that solves the organizations' problems. Various training methods are compared on three grounds, as specified below: 1. Comparing on the basis of training objectives. The most commonly training objectives, used as a basis for evaluating a training programme: • Realistic and manageable part of the job. • Help with internalizing learning.

55 • Protection for participants and organization against mistakes. • Learning to learn •

Exposure to new ideas and methods. • Experiments with behaviour. • Membership of new reference groups. • Setback to think about job as a whole. • Intensive learning. 2.

Comparing on the basis of learning process and its stages. The training method is evaluated on the basis of the following characteristics of learning process: • Training programme being realistic. • Interaction and involvement of training programme. • Experiences arising out of training programme. • Training programme practices. • Feedback of training programme. • Repeat practices and feedbacks. • Conceptual understanding of task and change process. • Creative experimentation in a training programme. 3. Comparing training methods on the basis of the available time, skills, facilities and resources Every training programme consumes several resources and the capacity of the organization to sacrifice the same can also be one of the bases of choosing a training programme method. 10.16

SUMMARY Training is an important managerial function and involves all the steps that are the characteristic of other managerial functions. The typical steps in designing a training programme are the identification of training needs, setting training objectives, organizational set-up for training, training operations and evaluation of training. Training needs can be identified through the organisational, task and human resource analysis.

56 Organizational analysis is basically a systematic study of an organization's objectives, resources, resource allocation and utilization, growth potential and its environment.

Training has to be imparted by the people and in order to enable them work effectively; organization must have a structure that makes them work effectively and efficiently. The exact position of the training department must be specified in the organizational structure of the company. The Training Operations include the activities such as selection of the trainees, training the trainer, specifying the training period, training methods and Material. Some of the criteria to measure training effectiveness of training are the trainees' reactions, their extent of learning, improvement in job behaviour, and the results at the job. There are various types of training that can be imparted to the trainees. Also, there are various methods of training.

Some of

the important types

of training programmes are -

Orientation or

Induction training, Job training, Apprenticeship training, Internship training, Refresher training and Training

for promotion.

Various methods of training

may be classified as Vestibule

training,

On-the-job training

and Off-the-job training. 10.17

KEY WORDS Training

Development Education Training Needs

Training Objectives Evaluation of

Training Types of Training Vestibule Training On-the-job Training Off-the-job Training

57 10.18

SELF ASSESSMENT QUESTIONS 1. Define training. Evaluate the Significance of Training. 2. Discuss the difference between Training, Development and Education 3. Explain the benefits of training to Employer and Employee. 4. Critically evaluate the steps involved in the process of designing a training program. 5. Write a note on essentials of good training 6. Explain the types of training. 7. Discuss the various methods of training. 8. How do the managers make a choice out of various training methods available to them? 10.19 REFERENCES 1. Ansari M.A. Managing people at work, New Delhi: Sage publications, 1990 2. K. Ashwtappa. Human Resource Management- Text and Cases, Bengaluru: TMH.2010. 3. Stephen P Robbins. Training in interpersonal skills – tips for managing people at work, Noida UP: PHI. 2012. 4. Rosemary Thomson. People Management, Hyderabad: University Press (India) Ltd., India.1990. 5.

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UNIT-11: PERFROMANCE MANAGEMENT AND APPRAISAL Structure 11.0 Objectives 11.1 Introduction 11.2 Identifying and Measuring

of Performance Appraisal 11.3

Meaning of

Performance Appraisal 11.4 Objectives of Performance Appraisal 11.5 Uses of Performance Appraisal 11.6

Informal V/S Systematic Appraisal 11.7 Who Conducts Appraisal? 11.8 Methods of Performance Appraisal 11.9

Advantages of Performance Appraisal 11.10

Errors in Appraisal 11.11 Appraisal Feedback 11.12 Effective Performance Appraisal 11.13

Summary 11.14 Key Words 11.15 Self Assessment

Questions 11.16 References

59 11.0

OBJECTIVES After Studying this unit, you should be able to; •

Define Performance Management • Construct

Meaning of Performance Appraisal • Identify the objectives of Performance Appraisal • Analyze Uses of Performance

Appraisal • Understand the Methods of Performance Appraisal • Demonstrate Advantages of Performance Appraisal •

Examine the

effective Appraisal

method 11.1 INTRODUCTION Performance management systems are used to identify, encourage, measure, evaluate, improve, and reward performance. Whether done formally or informally, the appraisal of human resources occurs in every organization. Performance appraisals are conducted to satisfy two basic purposes: (1) To assist in making administrative decisions such as pay increases, promotions, and layoffs (2) To provide for the development of employees. Job analysis helps identify the most important duties and tasks of jobs from which criteria and performance standards may be established. Timeliness is a key factor with respect to Performance Appraisal effectiveness. Informal appraisals are given by the supervisor "when needed." Systematic appraisals occur as part of an on-going process to provide employers and employees with answers regarding job performance. Formal evaluation is generally conducted on either an annual or semi-annual basis. Traditionally, appraisals have been conducted by an individual's immediate supervisor, but increasingly organizations are turning to 360 o (multisource) evaluation. Managers and supervisors may evaluate subordinates, team members may rate each other, outsiders such as consultants and customers may do ratings, and employees may do self-appraisals. Not to be overlooked is the possibility of employees being given the freedom to rate their managers.

60 Methods of performance appraisal include category rating methods that employ graphic rating scales or check lists, comparative methods such as ranking, narrative methods, and behavior/objective methods such as Behaviorally Anchored Rating Scales (BARs) and Management-By-Objectives (MBO). Each of these methods is described with attention given to the relative advantages and limitations of each. The chapter presents a discussion of rater errors to help identify and correct the kinds of rater attitudes that permit subjectivity to unduly influence appraisals. Several key problems are identified, such as permitting recent events to prejudice an appraisal designed to cover a time period, and rater biases that inject harshness or leniency into ratings. A performance management system consists of the processes used to identify, encourage, measure, evaluate, improve, and reward employee performance at work. Performance management is a part of the link between the organizational strategy and results. Among the important benefits that performance management systems can accomplish is:

- Provide information to employees about their performance.
- Clarify what the organization expects.
- Identify development needs
- Document performance for personnel records

11.2 IDENTIFYING AND MEASURING OF PERFORMANCE APPRAISAL

Performance is essentially what an employee does or does not do. The most common measures of employee performance include quantity of output, quality of output, timeliness of output, presence at work, and cooperativeness. These are general factors. However, each job has specific job criteria or job performance dimensions that identify the elements most important in that job. Because these criteria are important, individual's performance on job criteria should be measured, compared against standards, and then the results communicated to each employee. Jobs almost always have more than one job criterion or dimension, some of which may have more importance than others to the organization. Weights are a way to show the relative importance of several criteria in one job.

A. Types of Performance Information — Managers receive three different types of information about how well employees are performing their jobs:

61 • Trait-based information identifies a subjective trait – such as pleasant personality, initiative, or creativity – and may have little to do with the specific job. • Behavior-based information focuses on specific behaviors that lead to job success. • Results-based information considers what the employee has done or accomplished.

B. Relevance of Performance Criteria – The most relevant criteria are those that focus on the most important aspects of employees' jobs.

C. Potential Performance Criteria Problems - If the performance measure leaves out some important job duties, the measures are said to be deficient. If some irrelevant criteria are included, the criteria are said to be contaminated. Performance measures can be thought of as objective (they can be directly counted) or subjective (more judgmental and difficult to measure). Neither is a panacea, and both should be used carefully.

D. Performance Standards — define the expected level of performance and are referred to as "benchmarks," "goals," or "targets." Realistic, measurable, and clearly understood performance standards benefit both the organization and the employees and should be established before the work is performed. Standards are often expressed in either numerical or verbal ratings. Standards are often set by someone external to the job, such as a supervisor or a quality control inspector, but can be written effectively by employees as well.

11.3 MEANING OF PERFORMANCE APPRAISAL

Performance Appraisals is the assessment of individual's performance in a systematic way.

It is a developmental tool used for all round development of the employee and the organization.

The

performance is measured against such factors as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision,

dependability, co-operation,

judgment, versatility and health. Assessment should be confined to past

as well as potential performance also. The second definition is more focused on behaviors as a part of assessment because behaviors do affect job results.

62 11.4

OBJECTIVES OF PERFORMANCE APPRAISAL

Performance Appraisal can be done with following objectives in mind:

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.
4. To provide

a feedback to employees regarding their performance and related status.

5. To provide a feedback to employees regarding their performance and related status.

6. It serves as a basis for influencing working habits of the employees.
7. To review and retain the promotional and other training programmes.

USES OF PERFORMANCE APPRAISAL

Performance appraisal (PA) is the process of determining how well employees perform their jobs when compared to a set of standards and then communicating that information to those employees. Such appraisal also has been called employee rating, employee evaluation, performance review, performance evaluation, and results appraisal. Performance appraisal is widely used for administering wages and salaries, giving performance feedback, and identifying individual employee strengths and weaknesses. There are a number of criticisms of performance appraisal, including the following:

- With today's emphasis on teamwork, appraisals focus too much on the individual and do too little to help develop employees better.
- Most employees who receive reviews and supervisors who give them rate the process a resounding failure.
- Most appraisals are inconsistent, short-term oriented, subjective and valuable only at the extremes. Obviously, poorly done performance appraisals lead to disappointing results for all concerned, but there are a number of benefits when properly carried out.

63 Performance appraisal has two potentially conflicting roles: (1) to measure performance for the purpose of making administrative decisions about employees, such as promotions or layoffs; and (2) to guide the development of individual potential. In the latter case, the manager is featured more as a counselor than as a judge, since emphasis is on increasing the employee's value to the employer. The two roles for performance appraisal: A. Administrative Uses – A performance appraisal system is often the link between the reward employees hope to receive and their productivity, as illustrated by:

Productivity '!' performance appraisal '!' rewards Compensation based on performance appraisal

is at the heart of the idea that raises should be given for performance accomplishments rather than for seniority. However, if the process fails, the most productive employees do not receive the larger rewards, resulting in perceived inequity in compensation. Many U.S. workers perceive little connection between the results of their efforts and the dollar amounts on their paychecks. Several other uses of performance appraisal can be classified as administrative. Decisions on promotion, termination, layoff, and transfers often are linked to performance evaluations. B. Development Uses - Performance appraisals tend to serve as a primary source of information and feedback for employees. The purpose of developmental feedback is to change or reinforce individual behavior, rather than to compare individuals as in the case of administrative uses of performance appraisal. The development function of performance also helps identify areas in which the employee might wish to grow.

11.6 INFORMAL V/S SYSTEMATIC APPRAISAL Appraisals can be done either systematically or informally. In an informal appraisal, a supervisor discusses performance when needed as part of the on-going process of supervision. A systematic appraisal system is one in which an employee's performance receives an evaluation on a regular basis according to an established procedure. Although informal appraisal is useful, it should not take the place of formal systematic appraisal. Appraisal Responsibilities - It notes that the HR unit generally designs and maintains the formal system. 1. Timing of Appraisals – Appraisals typically are conducted once or twice a year, most often annually. New employees may receive more frequent evaluation during

64 their first year of employment. A regular time interval is a feature of systematic appraisals that distinguishes them from informal appraisals that are conducted whenever a manager feels they are desirable. 2. Appraisals and Pay Discussions – Many experts argue that the timing of performance appraisals and pay discussions should be separate. 11.7 WHO CONDUCTS APPRAISAL? Performance appraisals can be done by anyone familiar with a person's performance.

Possibilities include: • Supervisors who rate their employees • Employees who rate their superiors • Team members who rate each other • Outside sources • Employee self-appraisal • Multisource (360 O) appraisal The first method is the most common, since the supervisor has first-hand knowledge of the employee's performance. However, it is a common practice to have such appraisals reviewed by the supervisor's boss. Because of the growing use of teams, the multisource (360 O) appraisal is currently much in vogue. A. Supervisory Rating of Subordinates – Traditional rating of employees is based on the assumption that the immediate supervisor is the person most qualified to evaluate the employee's performance realistically and fairly. B. Employee Rating of Managers - A number of organizations today ask employees or group members to rate the performance of supervisors and managers. Universities use a similar approach by having students evaluate their professors. 1. Advantages – There are at least three advantages of having subordinates rate supervisors: (1) where the superior-employee relationship is critical, this method is useful in identifying competent supervisors, (2) supervisors are more responsive to employees when they know employees will be rating them, but this becomes a disadvantage when supervisors react by being nice rather than by being managers, and (3) this approach can be the basis for coaching as part of a career development effort.

65 2. Disadvantages - are numerous, including the fear of reprisal on the part of the employees. A supervisor, to receive a high rating, can alter his/her management style by sacrificing other quality factors of the job. C. Team/Peer Ratings - are especially useful when supervisors do not have the opportunity to observe each employee's performance, but other work group members do. 1. Team Appraisal and Teamwork - Total Quality Management (TQM) and other participative management approaches emphasize teamwork and team performance rather than individual performance. Some contend that performance appraisals of individuals may hinder the development of teamwork. 2. Team Rating Difficulties - Although team members have good information on one another's performance, for a number of reasons they may not choose to share it. D. Self-Ratings - have been useful in developmental situations by helping employees focus their thinking toward building on their strengths and overcoming their weaknesses. E. Outside Raters - Ratings also may be done by outsiders who may be called upon to conduct performance reviews. Customers or clients of an organization are obvious sources for outside appraisals and are being used by many organizations as part of a multisource rating system. F. Multisource Rating/360 O Feedback - continues to grow in popularity. Multisource feedback recognizes that the manager is no longer the sole source of performance appraisal information. Research to date indicates that there is often limited agreement among rating sources. Potential problems arise when 360 O feedback is used for administrative purposes but seems less of a concern when feedback is restricted to development, since that process is usually perceived as being less threatening.

11.8 METHODS OF PERFORMANCE APPRAISAL Numerous methods exist for accomplishing performance appraisals. A. Category Rating Methods - require a rater to check a box or otherwise complete a rating form for an employee on one category at a time. The graphic rating scale and checklist are examples.

66 1. Graphic Rating Scale - allows a rater to mark an employee's performance on a continuum. Because of its simplicity, this method is frequently used. There are actually two types of graphic rating scales in use today. The first and most common type lists job criteria (quantity of work, quality of work, etc.). The second lists specific job behaviors or responsibilities. Drawbacks to graphic rating scales include overlapping categories, such as combining into one category separate traits or factors which are actually different. Descriptive words, such as initiative and cooperation, are subjective and may have different meanings to different raters. While comparatively easy to develop, these scales are susceptible to a variety of rater errors. 2. Checklist - requires the rater to check statements best representing the performance characteristics of the employee. Weights can be assigned relative degrees of importance. Several difficulties arise with the use of checklists: B. Comparative Methods - are used to contrast and compare the performance of their employees against one another. 1. Ranking - requires the rater to rank the performance of employees from highest to lowest. Rankings may also be weighted. The differences between each level are not necessarily equal. Also, someone must be first, who in reality might be the "best of the worst." Or, in another ranking, could be the "worst of the best." 2. Forced Distribution - requires the rater to place an employee within groupings positioned on a scale so that the completed distribution resembles the normal curve. The result means that for companies that limit their selection to highly qualified persons, the forced distribution system requires a set percentage of persons to be placed in the lowest category. C. Narrative Methods - require documented written information. The information describes an employee's actions rather than indicating an actual rating. 1. Critical Incident - is a system in which the manager prepares a record of the employee's highly favorable and unfavorable actions. This list is maintained for the rating time interval. One problem results from the lack of knowing what constitutes a critical incident in a manner that discloses comparability between raters. 2. Essay - requires raters to write a free-form essay describing each employee's performance during the rating period. Raters are usually given some general headings under which to group comments.

67 3. Field Review – has as much to do with who does the evaluation as the method used. This approach can include the HR department as a reviewer, or a completely independent reviewer from outside the organization. The outsider interviews the manager about each employee's performance and then compiles the notes into a rating for each employee. This rating is then reviewed by the employee's supervisor. The major limitation of the field review is that the outsider has a great deal of control over the rating. In addition, the field review can be time-consuming, particularly if a large number of employees are to be rated. D. Behavioral/Objectives Methods — Behavioral rating methods attempt to overcome some of the difficulties of the other methods by assessing an employee's behaviors instead of other characteristics. Some of the different behavioral approaches are Behaviorally Anchored Rating Scales (BARS), Behavioral Observation Scales (BOS), and Behavioral Expectation Scales (BES). 1. Constructing Behavioral Scales - begins with the identification of important job dimensions. From this identification, descriptive statements, by category, are prepared with respect to each job behavior to be evaluated. Several descriptions are written for each category to provide a scale to reflect degrees of that behavior. Developing and maintaining behaviorally anchored rating scales require extensive time and effort. In addition, several appraisal forms are needed to accommodate different types of jobs in an organization. E. Management by Objectives (MBO) - requires joint effort by the employee and the manager to set the employee's objectives to be accomplished within a designated time frame. 1. Key MBO Ideas - MBO is based on three key assumptions: (1) higher level performance results when employees are involved in the planning process, (2) better results occur when the level of desired accomplishment is clearly defined, and (3) objectives must be measurable. 2. The MBO Process - consists of four stages: o Job review and agreement o Development of performance standards. o Guided objective setting o Ongoing performance discussions

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The MBO process seems to be most useful with managerial personnel and employees who have a fairly wide range of flexibility and control over their jobs. F. Combinations of Methods - There is no one best appraisal method. A performance measurement system that uses a combination of the preceding methods can draw on the advantages of each while compensating for the disadvantages. 11.9

ADVANTAGES OF PERFORMANCE APPRAISAL It is said that performance appraisal is an investment for the company which can be justified by following

advantages: 1. Promotion: Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees.

In this regards, inefficient workers can be dismissed or demoted in case. 2. Compensation: Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give

worth to a performance.

Compensation packages which includes bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The

criteria should be merit rather than seniority. 3.

Employees Development: The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyse strengths and weaknesses of employees

so that new jobs can be designed for efficient

employees. It also helps in framing future development programmes. 4. Selection Validation: Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure.

The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard. 5. Communication: For an organization, effective communication between employees and employers is very important. Through performance appraisal,

communication can be sought for in the following ways: a.

Through performance appraisal, the employers can understand and accept skills of subordinates. b. The subordinates can also understand and create

a

trust and confidence in superiors. c. It

also helps in maintaining cordial and congenial labour management relationship. d.

It develops the spirit of work and boosts the morale of employees.

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e.

All the above factors ensure effective communication. 6.

Motivation: Performance appraisal

serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This

very well

motivates a person for better job and helps him to improve his performance in the future. 11.10

ERRORS IN APPRAISAL A. Varying Standards - Raters should avoid applying different standards and expectations for employees performing similar jobs. B. Recency/Primacy Effect - occurs when more recent actions (favorable or unfavorable) are given greater emphasis in an evaluation designed to cover a time interval. The opposite is the primacy effect where information received first gets the most weight. C. Central Tendency, Leniency, and Strictness Errors - There are a number of undesirable rating patterns that may be developed by managers in evaluating their employees: • Central tendency error occurs when rating all employees in a narrow band in the middle of the rating scale. • Leniency error occurs when ratings of all employees are at the high end of the scale. • Strictness error is exhibited when a manager uses only the lower part of the scale to rate employees. D.

Rater Bias - occurs when a rater's values or prejudices distort the rating.

Bias may be unconscious or intentional, but reflects that appraisers may allow subjective factors (positive or negative) to serve as a primary basis for their appraisals. Review of ratings by higher-level managers may help identify and correct rater bias problems. E. Halo Effect - occurs when a manager rates an employee high on all job criteria because of performance in one area. The horns effect is the opposite where one characteristic may lead to an overall lower rating. F. Contrast Error - is the tendency to rate workers relative to other workers rather than on performance standards. That is, a relatively poor performer might look "good" when included in a group of even less qualified workers.

70 G. Similar to/Different from Me — Sometimes raters are influenced by whether people show the same or different characteristics from the rater. H. Sampling Error — If the rater has seen only a small sample of the person's work, an appraisal may be subject to sampling error. Ideally the work being rated should be a good representative sample of all the work done. 11.11 APPRAISAL FEEDBACK After completing appraisals, managers need to communicate the results to give employees a clear understanding of how they stand in the eyes of their immediate superiors. This is generally accomplished through an appraisal interview that can help clear up misunderstandings on both sides. The emphasis should be upon development. A. Feedback as a System — Three commonly recognized components of a feedback system are data, evaluation of that data, and some action based on the evaluation. • Data are factual information regarding observed action or consequences. Important attributes of data are accuracy, completeness, and appropriateness. • Evaluation is the way the feedback system reacts to the facts, and it requires performance standards. Evaluators might come to very different conclusions on the same performance given different standards. • For feedback to cause change, some decision must be made regarding subsequent action. This may be initiated by suggestions from the manager or, in 360 o feedback, from those people from whom information was solicited. B. The Appraisal Interview — Analysis of appraisal interviews reflects that both the appraiser and the employee have similar anxieties that result in mutual apprehension regarding the appraisal process. C. Reactions of Managers - include feelings of having to "play God" and the uneasy feeling of how ratings will affect the career prospects of employees. Such beliefs sometimes lead managers to alter their ratings to minimize the stress of defending their decisions. However, avoidance of making appraisal decisions helps no one. A manager owes an employee a well-considered appraisal. D. Reactions of Appraised Employees - may include viewing an appraisal as a zero-sum game where one wins (the employer) and one loses (the employee). Comparative methods of rating help employees feel this way. Regardless of the approach a manager follows in striving for fairness, an employee can always feel the appraisal was unfair.

71 Feedback helps bring out such feelings and provides the supervisor with an opportunity to create a win-win situation.

11.12 EFFECTIVE PERFORMANCE APPRAISAL A number of recent court decisions have focused on performance appraisals, particularly in relation to Equal Employment Opportunity (EEO) concerns. This is reinforced by the Uniform Guidelines on Selection Procedures that make it clear that performance appraisals must be job related and nondiscriminatory.

A. Performance Appraisals and the Law – In numerous cases, courts have ruled that performance appraisals were discriminatory and not job related. Based on court decisions, the following elements are characteristic of a legally defensible performance appraisal system:

- Performance appraisal criteria based on job analysis
- Absence of disparate impact and evidence of validity
- Formal evaluation criteria that limit managerial discretion
- Formal rating instrument
- Personal knowledge of and contact with appraised individual
- Training of supervisors in conducting appraisals
- Review process that prevents one manager acting alone from controlling an employee's career
- Counseling to help poor performers improve.

B. Effective Performance Management — When performance appraisal is used to develop employees as resources, it usually works. When management uses performance appraisal as punishment or when raters fail to understand its limitations, it fails. The key is not which form or method is used, but whether managers and employees understand its purposes. An effective performance management system will be

- Consistent with the strategic mission of the organization
- Beneficial as a development tool
- Useful as an administrative tool
- Legal and job-related

72 • Viewed as generally fair by employees • Useful in documenting employee performance center of a worker's universe.

11.13 SUMMARY The employees within the organization have to be always kept happy and motivated. Effective training has to be provided to him in order to strengthen his skills and knowledge to perform his various duties in an organization. Also the performance of the employee has to be measured from time to time and good performers should be recognized and should be suitably rewarded. Similarly bad or non-performers must be identified and they should be punished for not achieving the required levels of performance.

11.14 KEY WORDS Performance Management Performance Appraisal Informal and Systematic Appraisal Methods of Performance Appraisal BARS BOS BES MBO

11.15 SELF ASSESSMENT QUESTIONS

1. Define Performance Appraisal
2. What is the need for having a process of appraisal within the organization?
3. Explain the various types of appraisal that could be performed within an organization.
4. Identify the various people in an organization who conduct an appraisal.
5. Discuss the various errors of appraisal process.
6. Discuss the methods used to design an effective appraisal process.

73 11.16 REFERENCES

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UNIT-12: CAREER DEVELOPMENT

Structure

12.0 Objectives

12.1 Introduction

12.2 Meaning of Career and Career Development

12.3 Importance of Career Development

12.4 Organisational Career Development Process

12.5 Designing Career Development Systems

12.6 Objectives of Career Development

12.7 Components of Career Development Systems

12.8 Career Planning Process

12.9 Career Development Models

12.10 Career Development Issues with Teams

12.11 Benefits of Career Development Systems

12.12 Summary

12.13 Key Words

12.14 Self Assessment

Questions

12.15 References

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OBJECTIVES After Studying this unit, you should be able to; •

Define Career and Career Development • Analyze Importance of Career

Development • Construct Organisational Career Development Process • Demonstrate Designing Career Development Systems • Justify objectives of Career Development • Analyze Components of Career Development Systems • Identify the process of Career Development • Demonstrate Career Development Models • Highlight the Benefits of Career Development system

12.1 INTRODUCTION People are the most important resource an organization can have. So, it becomes prime responsibility of the organizations to take care of their employees and give them an opportunity to grow especially to those who are career conscious and deliver performance. Career in 21st century is measured by continuous learning of the employees and identity changes in due course of time rather than changes in age and life stages. Career development of employees is not a mere responsibility of organizations, rather it is their obligation to address the ambitions of employees and create such job positions where they can accommodate their growing ambitions. Employees are career conscious and they'll stick to an organization where they feel that they have an opportunity to showcase their talent, grow to the maximum possible level and achieve their objectives. When we talk about growth, it can have different meanings to different people. Some may look at it as a fat package, some may want to climb up the ladder in the hierarchy and reach the topmost position while some want to acquire higher skills and competencies along with their growth as a human being. Some people may take it as an opportunity to avail some exclusive perks and benefits. Depending upon one's own thinking, different people take different actions in order to achieve their objectives.

76 Given the present situations, if employees want their organization to give them an opportunity to grow and achieve their ambitions, they need to be prepared for the future jobs. The main focus of organizations is on the employability of their people. Therefore, individuals should make sure that they have skills and competencies plus willingness to perform a specific job efficiently. Although the organizations can hire employees from outside but they require portable competencies in order to get the job done. For this, they will need to impart training to them and develop skills and competencies according to the job profile. But this is a troublesome process and takes hell lot of time to prepare the employees for a specific job. In order to avoid this situation to the maximum possible extent, organizations take control of the careers of their already existing employees and foster succession planning to fill the topmost positions. Individuals need to develop new and better skills so that they are fit for promotion and reach to a higher level in the organization. Organizations likewise need to become proactive in designing and implementing career development programs for their employees. It is the best thing they can do to decrease employee turnover. Although it is employees responsibility to plan their career but in today's turbulent and terrifically ambiguous world of work it is the employers' responsibility to provide them with opportunities to achieve their ambitions. They need to create that environment and culture for continuous learning and support their employees by motivating and rewarding them.

12.2 MEANING OF CAREER AND CAREER DEVELOPMENT Career is a sequence of attitudes and behaviours associated with the series of job and work related activities over a person's lifetime. Career development is a continuous process where both employees as well as employers have to put efforts in order to create conducive environment so that they can achieve their objectives at the same time. 12.3 IMPORTANCE OF CAREER DEVELOPMENT Although the business environment has been endlessly experiencing negative changes such as economic downsizing and restructuring resulting in fewer hierarchical positions but at the same time the need for improving productivity while keeping a pace with continuously changing technology has also increased. Organizations, therefore, instead of hiring a new individual from the market prefer to promote their already existing employee to a specific position as he or she is already aware of the organizational culture

77 and does not need to be trained. This requires a careful succession planning of employees and developing and preparing them continuously for filling topmost designations in future. The process of organizational career development is important for both employees and employers. There may be several unintended and undesired changes as well as consequences that can change the entire scenario. In such a situation both employees and employers must be ready to keep with the changing environment and act accordingly. Employees continuously need to upgrade their skills and competencies to meet the current demands where as organizations must be ready with those employees who can handle the pressure efficiently and cease the risk of falling prey to the changed scenario. Therefore, understanding the importance of career development is very necessary for both the parties.

12.4 ORGANISATIONAL CAREER DEVELOPMENT PROCESS

Organizational career development process includes both individuals and institutions. Individuals plan their own careers whereas institutions or organizations manage the careers of the employees.

- Career planning by an individual includes several sub processes such as occupational choices, organizational choices, job assignment choices and career self-development.
- While the major sub processes of career management by organizations include recruitment and selection, human resource allocation, appraisal and evaluation and training and development.

In order to have effective career development attempts by the organizations, designing automated career development systems plays a crucial role as it integrates a series of activities related to individual career planning and organizational career management involving employees, management and the organization. Career management is an ongoing process that takes into account a particular job title or designation while preparing, implementing and monitoring succession planning depending upon the future requirements of an organization. Obviously, it also takes human factors in account but the entire process is directed and operated as per the needs and convenience of an organization. The best planning takes into account both organization's and individual's aspirations and creates a perfect mix where both the parties can be benefited.

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12.5 DESIGNING CAREER DEVELOPMENT SYSTEMS

Designing career development systems according to specific needs and requirements of an organization can help HR specialists in bringing efficiency to the entire process of career management. Since the system tries to integrate all the activities of an employee, management as well as an organization, it has to be tailor-designed. There is nothing that fits all since the nature of the every business is different and aspirations of every employee in every industry are different. Most companies along with career management programs also involve career assessment process by the employee. If they have supportive environment such as a facilitator and properly automated system, they will properly assess their careers and fill genuine information about themselves. Most organizations such as Xerox, IBM, Wal-Mart, Lincoln electric and Bell Atlantic have their own specific career development systems. Along with this, they provide their employees with supportive environment and a culture that supports the whole process of career development. This is the reason why these companies are considered as the best places to work. Since they manage the careers of their employees seriously and treat them as the most valuable assets of the organization, a very high percentage of university graduates prefer joining them even if they offer low compensation. While designing career development system for an organization, the nature of their business, the industry and the business environment they are operating in should also be considered. Although it is an internal process of an organization but outer environment factors such as job market, current trends, economic conditions, etc affect the entire process. An individual's career is a series or sequence of work-related activities as well as his or her future aspirations. It is affected by several factors such as his or her behaviour, attitude, values, ambitions and desires and opportunities and threats and weaknesses and strengths plus the outer environment and economic conditions. It is a deliberate process followed by an individual depending upon his or her desires and aspirations over the span of one's life.

79 12.6 OBJECTIVES OF CAREER DEVELOPMENT Career development has become primary activity of organizations in order to create a pool of talented employees as well as enhance their career satisfaction. Along with this, it is also considered as an organized and planned process to improve the efficiency of organization. In common terms, we may look upon it as an effort to strike a balance between organizational workforce requirements and individual career needs. Employees have their own personal desires and aspirations and need to effectively utilize their personal skills to attain their career goals and objectives. On the other hand, organizations have needs for staffing and meeting present and future human resource requirements. A career development system is a mechanism that takes both the parties in to consideration and helps them meet their requirements as well as objectives. ? Fostering Better Communication in Organization: The main objective of designing a career development system is to foster better communication within the organization as a whole. It promotes communication at all levels of organizations for example manager and employee and managers and top management. Proper communication is the lifeblood of any organization and helps in solving several big issues. ? Assisting with Career Decisions: A career development system provides employees as well as managers with helpful assistance with career decisions. They get an opportunity to assess their skills and competencies and know their goals and future aspirations. It helps them give a direction so that they can focus on achieving their long term career goals. ? Better Use of Employee Skills: A career development system helps organization make better use of employee skills. Since managers know their skills and competencies and therefore, can put them at a job where they will be able to produce maximum output. ? Setting Realistic Goals: Setting realistic goals and expectations is another main objective of a career development system. It helps both employees and organization to understand what is feasible for them and how they can achieve their goals. ? Creating a Pool of Talented Employees: Creating a pool of talented employees is the main objective of organizations. After all, they need to meet their staffing needs in present and future and a career development system helps them fulfill their requirements.

80 ? Enhancing the Career Satisfaction: Organizations especially design career development systems for enhancing the career satisfaction of their employees. Since they have to retain their valuable assets and prepare them for top notch positions in future, they need to understand their career requirements and expectations from their organization. ? Feedback: Giving feedback on every step is also required within an organization to measure the success rate of a specific policy implemented and initiatives taken by the organization. In addition to this, it also helps managers to give feedback for employees' performance so that they can understand what is expected of them. A career development system can be very effective in creating a supportive culture in the organization and help employees grow and utilize their skills to achieve their desires and aspirations related to their career. Both organization and employees can meet their goals simultaneously. 12.7 COMPONENTS OF CAREER DEVELOPMENT SYSTEMS A career development system includes a variety of components for use in the organizations. In order to increase the efficiency of the system, the HR managers must have complete knowledge about these tools since they play a role of consultant when employees and supervisors use this system. Plus, they are responsible for designing and developing an effective career development system for their organization. Some activities or components are known as individual career planning tools while some are used for organizational career management. To achieve greater efficiency, most organizations use a right combination of both types of activities. Let us understand these tools and activities to learn in-depth about career development system: Self Assessment Tools: This is the first technique that is widely used by organizations in their efforts to career management of their employees. This is a career exploration tool where individuals complete self-assessment exercises and fill information about their skills, interests, competencies, work attitudes and preferences, long and short term goals and obstacles and opportunities. The whole exercise helps them understand their own desires and aspirations and likes and dislikes. Career Planning Workshops: Once employees are through their self-assessment, they share their findings with other individuals and their supervisors in career-planning workshops. It allows them to

81 receive feedback from others and check the reality of their plans and aspirations. They may change their plans if they find them unrealistic and move in new direction. Individual Counseling: It is one of the most common activities that are undertaken by almost all people developing organizations. Generally, individual counseling is provided by career development specialists, HR specialists or life skills development trainers. Some organizations hire them from outside while some have their own full fledged departments where they recruit and hire trainers for full time. It helps employees in understanding their own goals, making a change in them if required and working on improving their skills and competencies. Organizational Assessment Programs: Organizational assessment programs include tools and methods for evaluating employees' potential for growth within the organization. Johnson & Johnson is one company that uses these programs to assess the careers of their employees and evaluate their potential in order to facilitate the staffing and development of special teams known as "tiger teams". These special teams are formed to speed up the development of new products. The most popular programs under this category include assessment centers, psychological testing, 360 degree appraisal, promotability forecasts and succession planning. Developmental Programs: Developmental programs are used by an organization to develop their employees for future positions. They can be internal as well as external and can be performed under the supervision of human resource staff or trainers and specialists from outside. These programs include assessment centers, job rotation programs, tuition refund plans, internal training programs, external training seminars and formal mentoring programs. In addition to these programs, there are several other components of a career development system such as career programs for special target groups, fast-track or high potential employees, supervisors, senior-level employees, women, technical employees, minorities and employees with disabilities, etc.

82 12.8

CAREER PLANNING PROCESS

The career planning process involves the following steps: Identifying individual needs and aspirations:

Most individuals do not have a clear cut idea about their career aspirations, anchors and goals. The human resource professionals must, therefore, help an employee by providing as much information as possible showing what kind of work would suit the employee most, taking his skills, experience, and aptitude into account.

Such assistance is extended through workshops/seminars while the employees are subjected to psychological testing, simulation exercises, etc. The basic purpose of such an exercise is to help an employee form a clear view about what he should do to build his career within the company. Workshops and seminars increase employee interest by showing the value of career planning. They help employees

set career goals, identify career paths and uncover specific career development activities (discussed later).

These individual efforts may be supplemented by printed or taped information. To assist employees in a better way, organizations construct a data bank consisting of information on the career histories, skill evaluations and career preferences of its employees (known as skill or talent inventory).

Analyzing career opportunities Once career needs and aspirations of employees are known, the organization has to provide career paths for each position. Career paths show career progression possibilities clearly. They indicate the various positions that one could hold over a period of time, if one is able to perform well.

Career paths change over time, of course, in tune with employee's needs and organizational requirements. While outlining career paths, the claims of experienced persons lacking professional degrees and that of young recruits with excellent degrees but without experience need to be balanced properly. Aligning needs and opportunities After employees have identified their needs and have realized the existence of career opportunities the remaining problem is one of alignment. This process consists of two steps: first, identify the potential of employees and then undertake career development programmes (discussed later on elaborately)

with a view to align employee needs and organizational opportunities. Through performance appraisal, the potential of employees can be assessed to some extent. Such an appraisal would help reveal employees who need further training, employees who can take up added responsibilities, etc. After

83 identifying the potential of employees

certain developmental techniques such as special assignments, planned position rotation, supervisory coaching, job enrichment, understudy programs can be undertaken to update employee knowledge and skills.

Action plans and periodic review The matching process would uncover gaps. These need to be bridged through individual career

development efforts and organization supported efforts from time to time.

After initiating these steps, it is necessary to review the whole thing every now and then. This will help the employee know

in which direction he is moving, what changes are likely to take place, what

kind of skills are needed to face new and emerging organizational challenges. From an organizational standpoint also, it is necessary to find out how employees are doing, what are their goals and aspirations, whether the career paths are in tune with individual needs and serve the overall corporate objectives, etc. 12.9

CAREER DEVELOPMENT

MODELS There are many models one may use while career planning. The two main models are: Waterloo University

Model Step 1: Self assessment This is the foundation of the whole process and essential to professional success! You need to understand who you are and what your strengths and weaknesses are before you can make effective career decisions.

The more you understand this information, the better you will be able to write focused résumés, present yourself favorably in interviews, and get the job you really want. This section will help you to complete your self assessment. Step

2: Research To know how to connect your strengths and weaknesses to the world of work, it is important that you conduct extensive occupational research to learn about opportunities that match your interests and talents. Step 3:

Career decision making It is critical to be able to make good decisions about where you are going. You will have to set short-term and long-term goals. You will also create action plans.

84 Step 4: Marketing yourself The process of networking and making contacts includes activities such as writing your résumé, conducting an effective work search, and presenting your qualifications in an interview. Step 5: Work Here you learn to negotiate work offers and to create success in your new role. Step 6: Work/life planning This sets the stage for re-evaluation. Your needs and desires will change as you gain experience over the next few years. It is important to review regularly your needs and opportunities throughout your life and career. The SODI Career Planning Model Given the complexity of career development and the fluidity of the world of work, we need to be able to navigate our career paths with purpose and clarity. Law and Watts (1977) devised a simple model of career education which has stood the test of time. This model has been changed slightly to become a career planning, rather than a career education model and named the SODI model where the last element is 'implementation' rather than 'transition learning', and 'decision learning' becomes 'decision making and planning'.

85 The model encapsulates four concepts which are: Self-awareness – individual having knowledge about and understanding of their own personal development. Self-awareness in a careers context involves an understanding of kind of personal resources (both actual and potential) they bring to world. Opportunity awareness – an understanding of the general structures of the world of work, including career possibilities and alternative pathways. Decision making and planning – an understanding of how to make career decisions, and being aware of pressures, influences, styles, consequences and goal setting. Implementing plans – having the appropriate skill level in a range of areas to be able to translate job and career planning into reality. 12.10 CAREER DEVELOPMENT ISSUES WITH TEAMS Teams are increasingly being considered as a unit of work world over. Organisations seek harmony, coordination and oneness in teams for growth and prosperity. More emphasis is laid on group and team dynamics, still however career development issues concerning the teams are neglected somewhere, which is truer for organisations in the developing world and multi-national corporations. Individuals are being replaced at a rapid pace and there are both positive and negative facets of the same. There has been sufficient amount of discussion surrounding individual issues like the selection procedures, designing the training programs, the appraisal systems and rewards and recognition. All these fall within the ambit of individual career development issues. However, as mentioned earlier, not much attention has been paid to career development issues pertaining to teams. Teams play a very important role in the individual and career development of the team members. If team dynamics are understood and exploited properly, individual and collective development will happen exponentially. For example one simple way of development of team members would be through benchmarking with team members who exhibit better competencies and skills. Teams can use these member skills and competencies to develop the same in other members who lag behind in certain areas where others excel. Taking the above mentioned example further and assuming a team of people from across various departments. Different people from different departments make up for

5 UNIT-13 : INTRODUCTION TO COMPENSATION AND BENEFITS Structure 13.0 Objectives 13.1 Introduction 13.2 Compensation 13.3 Objectives of Compensation Management 13.4 Purpose of Compensation Management 13.5 Components of Total Compensation Management 13.6 Understand the Terminologies 13.7 Summary 13.8 Self Assessment Questions 13.9 References

6 13.0 OBJECTIVES After studying this unit, you should be able to; • Explain the meaning of

compensation • Analyse the compensation plan • Describe the Government policy -statutory aspects of compensation and benefits, • Explain the job satisfaction, rewards and commitment of the employees • Explain the concept of performance management 13.1 INTRODUCTION Human Resource Management (HRM) has never been as significant as it is today. Companies want to attract, retain and motivate brains to meet objectives of the organization. Today Humans are regarded as one of every company's assets so they need to be efficiently and effectively managed because employees sell their hands and brain in order to fulfill their primary needs and employers hire them to achieve their organizational objectives.

One of the tools companies use to attract, retain and motivate its people is Compensation Management. Compensation management plays a vital role to attract effective and efficient people. Compensation management results from the allocation, conversion, and transfer of a portion of the income of an organization to its employees for their monetary and in-kind claims on goods and services. Compensation is a reward for work or service done in person. Compensation refers to wages, salaries or tips while benefits describe job extras provided by the employer. Benefits might include health care packages, dental and life insurances, and paid time off. High compensation and appealing benefits attract employees to companies and positions. Some types of compensation depend on the employee's work performance while other compensation is a flat rate. Some workplace benefits are required by law and others are offered as a job perk. 13.2 COMPENSATION Gary Dessler in his book Human Resource Management defines compensation in these words "Employee compensation refers to all forms of pay going to employees and arising from their employment." The phrase 'all forms of pay' in the definition does not include non-financial benefits, but all the direct and indirect financial compensations.

7 " Compensation Systems are the financial reward structures organizations use to compensate individuals for the work they perform for the organization" (Linda K Stroh, Gregory B. Northcraft and Margaret Ann Neale) In other words, Compensation is the total amount of the monetary and non- monetary pay provided to an employee by an employer in return for work performed as required. "

Compensation Management is a process of determining cost-effective pay structure, designed to attract and retain, provide an incentive to work hard, and structured to ensure that pay levels are perceived as fair" (Stephen P. Robbins, David A. DeCenzo, Robin Stuart-Kotze and Eileen B. Stewart) "Compensation systems are the financial reward structures organizations use to compensate individuals for the work they perform for the organization" (Linda K. Stroh, Gregory B. Northcraft and Margaret Ann Neale) "

Compensation Management refers to payment systems which determine employee wages or salary, direct and indirect rewards" (

I. Kessler) Compensation (also known as Total Rewards) can be defined as sum of all the rewards earned by employees in return for their labour.

This includes 1. Intrinsic reward 2. Extrinsic rewards Intrinsic rewards mean Rewards that are associated with the job itself, such as the opportunity to perform meaningful work such as participative decision making, more responsibility, opportunities for personal growth. Extrinsic rewards mean any tangible benefit of a particular job or activity which is external to the job itself. Extrinsic rewards include vacations, promotion, friendships and contacts—networking opportunities—compensation, and supervision. Extrinsic classified into two categories that means Financial compensation and Non financial compensation a) Financial Compensation: Direct financial compensation consisting of pay received by the employee

in the form of wages, salaries, bonuses and commissions provided at regular

intervals. Indirect financial compensation including all financial rewards other than the direct financial compensation and understood to form part of the social contract between

8 the employer and employee such as benefits, leaves, retirement plans, education, and employee services b) Non-financial compensation: Nonfinancial compensation deals with career development and advancement opportunities, opportunities for recognition, as well as work environment and conditions

While employees tend to focus on direct financial compensation when contemplating their rewards, according to the McKinsey Journal, for individuals who are relatively satisfied with their salary, it is the non-financial rewards that tend to be more effective in contributing to long-term employee engagement. Depicted classification of compensation in figure 1.1 Compensation is based on: • Job Market analysis • Employee contributions and achievement • Skill and efficiency of the employee • Government regulations in relation to compensation

9 • The ability of the organization to pay • Building competitive advantage by organization 13.3

OBJECTIVES OF COMPENSATION MANAGEMENT The following are the objectives of compensation management 1. To attract highly qualified and efficient employee to produce higher organizational performance. 2. To retain current and efficient employees for continuance of organization performance 3. To reduce high turnover, absenteeism, dissatisfaction and poor productivity. 4. To help the organization to free from employee dissatisfaction and prevail lively environment within the organization 5. To ensure the internal and external equity. 6. To Increase the motivation and morale of employees for achieving higher employee commitment towards the vision of the organization 7. To help employees meet his economic, personal, material, social, and psychological needs and aspirations. 13.4 PURPOSE OF COMPENSATION

MANAGEMENT The purpose of compensation is as follows: o Compensation system

well defined and uniform. It will be applied to all the levels of the organization as a general system.

o It raised the morale, motivation, efficiency and cooperation among the workers. Which will give satisfaction of the employee o Compensation system should also solve clashes between the employee union and management. o t will

enhance the process of job evaluation, help in setting up a perfect job evaluation and the set standards would be more realistic and achievable. o It should be followed the management principle of equal pay. o It should motivate and encourage those who perform better and should provide opportunities for those who wish to excel.

10 o Its create a healthy competition and encourages employees to work hard and efficiently. o It minimizes the labor turnover. The organization enjoys the stability. o The sound compensation system is a hallmark of an organization's success and prosperity. The success and stability of organization are measured with pay-package it provides to its employees. 13.5 COMPONENTS OF

TOTAL COMPENSATION MANAGEMENT 13.6 UNDERSTANDING THE TERMINOLOGIES 1. Compensation: Compensation is the reward provided to employees for performing work which includes monetary or non- monetary benefits.

Compensation means Money given or received as payment for a service in an organization. Components of Total Compensation Public Protection (legally required) • Social Security •Unemployment •Disability Public Protection •

Pensions • Savings • Supplemental unemployment • Insurance Paid leave • Training • Work breaks • Sick days • vacation •

Holidays • Personal Miscellaneous Benefits • Legal advice • Eldercare • Daycare • Wellness • Counseling • Moving • Perks

Basic Salary • basic • shift • premium Performance-Based Pay • Stock Options •Bonuses • Merit • Incentive Direct

Compensation Indirect Compensation (Benefits) Intrinsic Rewards (nonmonetary) • job security • Status symbols • Social

rewards • Task-self rewards Extrinsic Rewards (monetary) Total Compensation

11 Compensation represents both the intrinsic and extrinsic rewards employees receive for performing their jobs and reflects employees psychological mind-set in intrinsic and both monetary and nonmonetary rewards in extrinsic . 2.

Benefits: Benefits are a form of compensation paid by employers to employees over and above the amount of pay specified as a base salary or hourly rate of pay. Benefits are a portion of a total compensation package for employees. A

comprehensive, common set of benefits includes: sick days, and vacation days, health insurance, life insurance, retirement benefits: 401 (k) plan or a pension, 3. Salary : A salary is a form of remuneration paid periodically by an

employer to an employee, the amount and frequency of which may be specified in an employment contract. It is contrasted with piece wages, where each job, hour, or other unit is paid separately, rather than on a fixed periodic basis.

Salary is the amount received by the employee in lieu of the work done by him/ her for a certain period say a day, a week, a month, etc. It is the money an employee receives from his/her employer by rendering his/her services. 4. Pay: Discharge

or settle; "pay an obligation" for his/ her rendering service in an organization 5. Basic Pay: Employees receive base pay for performing their job, basic pay is recurring, that is employees continue to receive base pay as long as they remain in their

jobs. The basic cash compensation that an employer pays for the work performed. Tends to reflect the value of the work itself and ignore differences in individual contributions. 6. Wage: A wage may be defined as a sum

of money, paid under contract by an employer to a worker for services rendered.”

Thus, remuneration or reward of a labourer engaged in production or service in the physical or mental work is known as a wage .

12 7. Allowance : The employee is employed with a particular wage and salary rate. In due course of time, due to price increase, the real income of the employee goes down, It means with the same level of wages employees are unable to buy goods and services, which they were able to buy before increase in prices . The allowance is paid to employees by way of compensating them for the loss of real income caused to them by increase in the cost of living due to increase in prices. House rent allowance to employees who have not been allotted rent free accommodation, Hill area allowance, Dearness allowance etc. 8. Incentives: Incentives means pay the additional amount is intended to focus employee efforts on multiyear results. Incentive compensation is a type of compensation based on the performance of an entity. Often incentive compensation plans are designed to attract and retain key employees, identify with shareholders, and align interests of employees and the company. 9. Commission: A fee charged by a broker or agent for his/her service in facilitating a transaction, such as the buying or selling of securities or real estate. In the case of securities trading, brokers can be split into two broad categories depending on the commissions they charge. Discount brokers charge relatively low commissions, but provide no services beyond executing trades. Full service brokers charge higher commissions, but provide research and investment advisory services. In other word, commission means a fee for services rendered based on a percentage of an amount received or collected or agreed to be paid (as distinguished from a salary) that is called as commission. 10. Reward: The reward is the payment made in return for a service rendered which is strategy of enhancing loyalty , motivator and satisfaction of the employee

of an organization. Reward includes anything that an employee may value and desire and that employer is able or willing to offer in exchange

for employee contributions. The rewards can be classified as monetary payments and in-kind payments constitute the compensation system of an organization. Monetary payments can be in the form of coins or paper money, or in the less tangible form of checks or credit cards.

13 11. Recognition: “Recognition is an after-the-fact display of appreciation or acknowledgement of an employee or team’s desired behavior of the employee by the employer, effort, or business result that supports the organization’s goals and values.” 12. Perquisite : “Perquisite” may be defined as any casual emolument or benefit attached to an office or position in addition to salary or wages. In essence, these are usually non-cash benefits given by an employer to

employees in addition to cash salary or wages. However, they may include cases where the employer reimburses expenses or pays for obligations incurred by the employee. Perquisites are also referred to as fringe benefits. In other word, the value of any benefit or amenity granted or provided free of cost or at concessional rate to specified employees

13. Fringe Benefit: A fringe benefit is generally defined as a benefit not being salary, wage or other cash remuneration, derived from employment. Such benefits usually apply more frequently to salaried employees not covered directly by awards or certified agreements and may include superannuation, low interest loans, provision of cars or car allowances, subsidized meals, etc. Fringe benefits commonly include health insurance, group term life coverage, education

reimbursement, childcare and assistance reimbursement, cafeteria plans, employee discounts, personal use of a company owned vehicle and other similar benefits. 14. Subsistence allowance: A type of payment that an employee can receive prior to the time that his or her actual pay from employment begins. Can also be a type of payment received by the

employee of a company who has spent his or her own funds on a company related assignment and is being reimbursed by the company for those expenses. 15. Reimbursement: Reimbursement is an act of compensating someone for an

expense. Often, a person is reimbursed for out-of-pocket expenses when the person incurs those expenses through employment or in an account of carrying out the duties for another party or member.

14 Common examples are firms compensating individuals who buy supplies for their companies, or firms compensating employees on the field or out-of-town assignments who pay for their stay and transportation. Reimbursement can be of many types like mobile expense, transport, medical expense, study expenditure etc., 16. Consolidated Pay: Consolidated means "Joined together as a whole", in its literal sense. Consolidated pay or salary a person is offered is the amount a person gets for the work done, on monthly/weekly/ basis. It consists of all the entitlements joined together, without specifically stating any break ups. It can be stated as consolidated gross and any statutory deductions will be consolidated on the amount. 17. Service charges: Any additional charges paid by customer for providing service. For example: percentage of a hotel bill added to the total bill or Amount paid by tenants for general cleaning and maintenance of the building occupied by them, that is considered as service charges. 18. Stipend: Stipends are often provided to those who are ineligible to receive a regular salary in exchange for the duties they perform, such as interns. A stipend is generally lower than a salary would be, but the recipient is at the same time able to gain experience and knowledge in a specific field. A stipend allows an individual to pursue work that is normally unpaid by helping defray living expenses. Interns, apprentices, fellows and clergy are common recipients of stipends. Rather than being paid for their services, they are provided with stipends to provide financial support while engaged in the service or task. Often, a stipend is accompanied by other benefits, such as higher education and room and board. 19. Pay scales: A pay scale is a system that determines how much an employee is to be paid as a wage or salary, based on one or more factors such as the employee's rank or status within the employer's organization, the length of time that the employee has been employed, and the difficulty of the specific work performed.

15 20. Consolidated Pay: The compensation that an employer provides to an employee who has been laid off, whose job has been eliminated, who through mutual agreement has decided to leave the company, or who has parted ways with the company for other reasons. Typically, severance pay amounts to a week or two of pay for every year that the employee was with the company. Executives may receive a month's pay for each year of service and senior executives generally receive severance pay as outlined in the employment contract. In addition to paying, severance packages can include extended benefits, such as health insurance and outplacement assistance to help the employee secure a new position. 21. Bonus: Additional compensation given to an employee above his/her normal wage. A bonus can be used as a reward for achieving specific goals set by the company, or for dedication to the company. Bonus pay is compensation over and above the amount of pay specified as a basic salary. The base amount of compensation is specified in the employee offer letter, in the employee personnel file, or in a contract. The bonus can be distributed randomly as the company can afford to pay a bonus, or the amount of the bonus can be specified by contract. 22. Joining Bonus: A financial award, often issued in one or two lump-sum payments, offered by a business to a prospective employee as an incentive to join the company. A signing bonus may consist of cash and/or stock options. Businesses offer signing bonuses to highly qualified job candidates to differentiate themselves from other businesses where an individual might consider accepting a position. Typically only salaried jobs pay signing bonuses. 23. Retention Bonus A payment or reward outside of an employee's regular salary that is offered as an incentive to keep a key employee on the job during a particularly crucial business cycle, like a merger or acquisition, or during a crucial production period. In recent years, retention bonuses have become increasingly popular as corporate poaching has increased. A Retention bonus is an incentive paid to a key employee to retain them through a critical business cycle. This could be a transitional period (such as mergers and acquisitions) to ensure productivity or to meet a critical milestone. It has proven to be a very good tool in persuading employees to stay.

16 24. Relocation Pay: An agency may pay a relocation incentive to a current employee who must relocate to accept a position in a different geographic area if the agency determines that the position is likely be difficult to fill in the absence of an incentive. A relocation incentive may be paid only when the employee's rating of record under an official performance appraisal or evaluation system is at least "Fully Successful" or equivalent. 25. Increment: The word increment means an increase in something. A salary increment is simply an increase in your salary — a pay raise. A salary is usually stated as an annual amount. For example, you might be hired at a salary of Rs 35,000 per year. Salary increments are also stated as annual sums. Thus, you might get a salary increment of Rs 2,000 per year. Keep in mind that a salary increment increases your base salary. Bonuses or other compensation are not considered salary increments. 26. Stagnation Increment: In Government offices because there is difficulty in creating vacancies, it is paid for those who have reached maximum and who are seniors. Those who have no chances for promotion and has to remain in the same scale of pay even after reaching the maximum are granted stagnation increments. 27. Worker Compensation: Worker compensation also known as workmen's compensation is a state –mandated insurance program that provides compensation to employee who suffer job –related injuries and illnesses. In general, an employee with a work-related illness or injury can get workers' compensation benefits regardless of who was at fault — the employee, the employer, a coworker, a customer, or some other third party. In exchange for these guaranteed benefits, employees usually do not have the right to sue the employer in court for damages for those injuries. 28. Managerial compensation : Managerial compensation could be paid to individuals who are in the higher management positions, taking risks and more commitment , like Vice-presidents, Directors and General Managers in an organization for the purpose of competing with each other to attract, retain and motivate leader managers.

17 29. Executive Compensation The financial payments and non monetary benefits provided to high level management in exchange for their work on behalf of an organization. The types of employees that are typically paid with executive compensation packages include corporate presidents, chief executive officers, chief financial officers, vice presidents, managing directors and other senior executives. 17.7 SUMMARY The most obvious reason for compensating employees is that an organization should not expect something for nothing. But by giving generous compensation, an organization attracts better employees and retains them for longer. Compensation is what organizations use to compete for top talent. Both monetary and non-monetary compensation options are available for organizations to consider. They include bonuses, cell phones, child care, clothing, commission, dental insurance, disability insurance, elder care, employee assistance, flexible working schedules, gain-share, health insurance, holiday pay, hourly wages, laundry service, life insurance, magazine subscriptions, moving expenses, personal days, retirement programs, salary, sick days, subsidized housing, subsidized utilities and tickets to events, use of vehicles, vision insurance, and wellness programs. Organizations and managers can be as creative as they need to be in order to generously compensate employees. 13.8 SELF

ASSESSMENT

QUESTIONS 1. What is compensation? 2. Explain the Objectives of Compensation Management 3. Describe the Purpose of Compensation 4. What are the Component of total Compensation Management 5.

Write a short note on a) Consolidated Pay b) Consolidated Pay c) Pay scales

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UNIT –14 : COMPENSATION PLAN Structure 14.0 Objectives 14.1 Introduction 14.2 Components of an effective employee compensation plan 14.3 Designing Compensation System 14.3.1 Determine the basis of making payment 14.3.2 Determine the methods of making payment 14.4 Salary, Incentives, Perks, and Benefits 14.4.1 Salary 14.4.2 Incentive 14.4.3 Perks 14.5 Perquisite 14.6 Fringe benefits 14.7 Summary 14.8

Self Assessment

Questions 14.9 References

20 14.0 OBJECTIVES After studying this unit, you should be able to; • Explain the

compensation plan and system • Describe the designing compensation system • Explain the salary, incentives, perks and

benefits 14.1 INTRODUCTION Imagine you have got an offer to join as a 'Management Trainee' in one of your dream

organisation. List down various questions you would like to get answer before committing yourself to the employment

relationship. Among the various questions, the most probable are about salary, benefits, incentives, allowances, rewards

etc. Hence irrespective of the industry and the designation Compensation Management is an important and interesting

for all of us. Compensation Management is a systematic established system involving both monetary and non-monetary

benefits extended to employees. Compensation refers to the direct, indirect and non-financial components paid to the

employees in return for their labour. Direct financial compensation includes wages, salaries, bonus which are paid

regularly. Indirect compensation involves elements such as benefits, retirement plans, education and employee services

offered. Non-financial compensation includes

career development and advancement opportunities, opportunities for recognition, as well as work environment and

conditions. 14.2

COMPONENTS OF AN EFFECTIVE EMPLOYEE COMPENSATION PLAN 1. Statement of overall objectives. This should

explain how the rewards program supports the needs of the business, employees, shareholders and/or customers. Each

reward element should have a defined role. 2. Relative importance of compensation. The compensation plan should

explain how the rewards compare with other company identifiers. In other words, is your company known for something

such as technology, culture, size, or leadership? Is your company known for its pay programs? Do you want it to be? Do

you consider your compensation plan to be an important part of your company's reputation?

21 3. Performance measures. The compensation plan should identify the performance criteria to be rewarded and should

define the measurement levels. It should outline the degree that rewards are expected to drive employee actions. 4.

Competitive reference points. The plan should describe the comparative group for your rewards package. This might be

your industry and/or geographic competitors, for example. The key is to define the program benchmarks. 5. Competitive

positioning. Describe your desired position vs. the market described in the last point. For example, do you want to provide

salaries consistent with the industry average? Or do you want to establish yourself as a company who provides premium

pay over the competition? No matter your position, be transparent and state the intent. If your intended positioning is

below the industry average, be sure to explain why. Lack of information will only allow rumors to circulate. 6. Internal

equity and consistency. Will your strategy be consistent? Will it apply to all employee groups? Employees will look for fair

and uniform treatment without favoritism between groups. You also need to decide whether you will choose between

internal and external consistency or try to balance the two. 7. Communication and involvement of employees. How much

program information will be disclosed? "While the devil may be in the details, you shouldn't worry about getting into the

weeds over point-by-point program specifics when laying out your rewards strategy statements. The focus instead

should remain zeroed-in on establishing and communicating the key elements." Csizmar explained. It should also be

understood who has responsibility (HR vs. management) for program design and ongoing administration. 8. Governance.

The program should be reviewed and refreshed; the frequency and responsibility for review needs to be established up

front. 1. The best compensation plan will be easy to understand and to explain: The basic principle of any good

compensation plan should be both easy to understand and with a little training it should also be relatively easy for a new

person to explain. As a general rule the more complicated a compensation plan is, the harder it will be to explain. If your

prospects can see that your compensation plan is easy to understand and explain, they themselves will feel more

confident in their ability to join your business.

22 2. The best compensation plan should have a proven track record: Any good compensation plan should have a proven track record. If the company has been around for 5 years or more then there is a fair chance that the company's business model is sustainable and that the company is in a reasonably good financial position to provide you with a stable long term business. Be cautious of ground opportunities that have not yet proven to be sustainable or have a compensation structure that is new and untested. 3. The company should be transparent: A good company will be financially transparent and be able to provide you with a breakdown of their compensation plan. You should be able to find out what percentage of gross income are returned to the distributors, is allocated towards research and development, go towards manufacturing of products and towards company profits. All publicly traded companies have to be transparent and will provide this information in their annual reports. If the company is not publicly traded we suggest you do your homework and contact the company directly for the relevant information. Be cautious of any company that is not willing to provide this information. Additionally once you have this information look at the big picture and not just at how much is being returned back to the distributors. For example if the company is returning a high percentage of profits back to the distributors, but is manufacturing a cheap product and is not making any profits for themselves they are unlikely to be sustainable in the long term. Another important consideration is the percentage of company profits being put aside for future research and development. Why is this important? Well you want to be partnered with a company that is cutting edge and continually evolving with the marketplace. You don't want to be left promoting a product that is no longer in demand. Additionally this can help your company to improve their market position 4. The best compensation plan should be evenly weighted: The best compensation plan should not be overly weighted towards signing new associates. Instead look for a compensation plan that rewards the development and maintenance of a customer base, as this is the only way to create a truly residual income. Additionally the pay plan should reward hard work, not those that get in first. (i.e., it must be fair and equitable).

23 5. The best compensation plan should be fair to all: The best compensation plan will reward hard work. It should not matter when or where you enter the company's compensation structure, you should have the same earning opportunity as everyone else. Remember if you are rewarded for getting in early that only makes it harder for everyone else that joins your team which is not sustainable. The best compensation plan should be the fairest and provide equal opportunity for anyone who wants to put in consistent effort. 6. The best compensation plan should be practical: • Such a system should be well defined and uniform. •

The system should be simple and flexible so that every employee would be able to compute his own compensation receivable. •

It should be easy to implement, should not result in exploitation of workers. • The system should follow the management principle of equal pay. • Adequate and secure • Equitable incentive providing • Balanced and acceptable to the employer • Cost effective. 14.3 DESIGNING COMPENSATION SYSTEM The process of designing a compensation system involves the following two steps 14.3.1 Determine the basis of making payment There are many bases for making payment of compensation. It broadly encompasses the following basis of rewarding payment as a) SKILL-BASED PAY Skill-based pay refers to a pay system in which pay increases are linked to the number or depth of skills an employee acquires and applies and it is a means of developing broader and deeper skills among the workforce. Such increases are in addition to, and not in lieu of, general pay increases employees may receive. The pay increases are usually tied to three types of skills:

24 • Horizontal skills, which involve a broadening of skills in terms of the range of tasks • Vertical skills, which involve acquiring skills of a higher level • Depth skills, which involve a high level of skills in specialized areas relating to the same job. Skill-based pay differs in the following respects from traditional pay systems which reflect skills differences in a structure consisting of rates of pay for unskilled, semi-skilled and skilled workers: • Skill-based pay is a person-based and not a job-based, system. It rewards a person for what he/she, rather than the job, is worth. Job worth is reflected in a basic rate of pay for minimum skills, but pay progression is directly linked to skills acquisition (rather than to general pay increases applicable to all) . • It rewards (and therefore emphasizes) a broad range of skills which makes the employee multi-skilled and therefore flexible. • It positively encourages skills development. • A skill-based pay system may not necessarily reflect how well the skill is used, as this falls within the performance component of pay. But there is nothing to prevent injecting performance criteria into the system. In such cases the system will be more performance oriented than a structure which merely recognizes different rates of pay for skills. • The system needs to be underpinned by opportunities for training which is critical to the success of the system. The traditional structure is not dependent on such opportunities. Advantages of skill-based pay: • It contributes to job enlargement and enrichment by breaking down narrow job Classifications. • Flexibility is increased by encouraging the performance of multiple tasks. It enables job rotation, and filling of temporary vacancies due, for instance, to absenteeism. It therefore contributes to a leaner workforce. • It enhances productivity and quality through better use of human resources. • It facilitates technological change, which may meet with resistance in a purely job- based system.

25 • The higher pay levels, continuous training, and job enlargement through the broadening of skills, tend to reduce staff turnover. • Elimination of unnecessary jobs can result from a workplace having broad, rather than narrow, skills. It also reduces the need for supervision. • Job satisfaction is engendered through employees having greater control over the planning and implementation of their work. • Broadening of skills leads employees to develop a better perspective of operations as a whole. b) MERIT BASED PAY Merit pay is an approach to compensation that rewards the higher performing employees with additional pay or incentive pay. Merit pay has advantages and disadvantages for the employees and the employer. But, all-in-all, merit pay is the best way to reward the employees that you most want to keep. Here's more about why you might want to consider merit pay. Advantages of Merit Pay These are reasons why you might want to consider merit pay. 1. Merit pay helps an employer differentiate between the performance of high and low performing employees and reward the performance of the higher performers. 2. Merit pay, unlike profit sharing or similar bonus pay schemes, allows an employer to differentiate between the performance of the company as a whole and the performance of an individual. While many merit pay programs also provide an overall reward that is distributed to all employees, to promote such values as team work, a portion of the available compensation is reserved for strong performers. 3. Merit pay also provides a vehicle for an employer to recognize individual performance on a one time basis. This is useful for rewarding employees who may have participated in a one-time project such as implementing a new HRIS or opening up a new sales territory. Disadvantages in Merit Pay These are the challenges employers experience with merit pay. 1. There is no way, with 100% accuracy, to differentiate the performance of various employees to determine deserviers of merit pay. The most desirable accomplishments and contributions are almost never measurable so the manager's or supervisor's opinion remains a constant in determining merit pay.

26 2. The amount of time and energy that organizations invest in an attempt to make performance measurable for merit pay, including developing competencies, measurements, base lines for performance, and so forth, is better spent on delivering service for customers. 3. Given the limitations of metrics, the ability of the supervisor to communicate to each employee the value of his or her contribution, and what superior performance worthy of merit pay entails, is an ongoing challenge. Some supervisors communicate better than others and communication about what entails superior performance is easier in some jobs than others. a) KNOWLEDGE-BASED PAY The concept of knowledge-based pay focuses on an individual employee's ability to improve their education to increase salary or other compensation. As the employee increases their scope of knowledge earned, the employee can generally take on more complicated and lucrative projects on behalf of the company. In some businesses, the organizational structure encourages educational development. In doing so, employees are rewarded upon obtaining certain educational goals. This may or may not be formal accredited education, but may include in-house education or training and skill development from third parties. Generally, the parties agree on this type of pay structure at the time of hiring, although companies can incorporate this type of system at any time, upon the agreement of any union or contracts. Once in place, a knowledge-based pay system can empower individuals to improve their abilities on the job. Often the individual receives a specific amount of pay increase when he or she achieves the next level of education. The system may be one-tiered or involve various steps that must be achieved. Knowledge-based pay systems can encourage employees to become life-long learners, which can help a company maintain its edge in the industry. This can lead to greater innovation, longer retention of skilled employees, and higher revenues as a result of high-quality workmanship. b) COMPETENCY BASED PAY According to Competency Based Pay, an employee is paid for the skills and knowledge he possesses and not according to the job or position he is currently holding. This kind of pay attempts to motivate employees and support organizational strategies. 27 When businesses become flatter eliminating non-value adding activities, competency-based pay may complement the move by assigning value to an employee's work in terms of the competencies that enable the staff member to perform effectively in his role. It rewards employees for the skills, knowledge and behaviors important for personal performance and organizational success and not just for the activities they perform. Competency based pay encourages better performance and facilitates lateral career development. It is suitable in organizations where there is an over-emphasis on outputs, fit with a performance appraisal is required, cultural change towards greater flexibility is sought. e) MARKET -BASED PAY Amidst globalization and competitive pressures on organization to adapt to these changes rapidly, jobs are restructured and employees retrained, technology moving at a faster pace, and people are increasingly viewed as competitive weapon. Therefore, compensation strategies and reward systems must respond to a changing organization efficiently by responding to market dynamics. More and more organizations are establishing market-based pay systems to supplement their job evaluation programme. This is driven largely by an organization's ongoing need to offer competitive rates of pay to attract and retain competent employees. External market pay rates are an important gauge of the competitiveness of internal compensation level, structure and systems. External comparison is gaining strength as the primary determinant of compensation for most organizations due to two fundamental reasons: 1. Market pay systems are easy to understand and flexible enough to respond to changes that directly impact an organization and its industry. 2. Organization / employee affiliation tends to be shorter now as opposed to the career length affiliations of past generations that elevated the importance of internal equity over external competitiveness. 14.3.2 Determine the methods of making payment The work itself is a major determinant of whether to pay for time or output. The work characteristics to consider include: 1. Measurability of output 2. The relationship between effort and output

28 3. The degree of standardization 4. Requirements for quality as well as quantity Thus, depending on the work characteristics. Choice payment method can be decided. However, some of the common methods of making payment are a) Piece Rate or Piece Wage System: This system is also known as payment by results. When wages are paid on that basis of the output of the workers without considering the time taken in performing work, it is termed as piece wage. Thus under this system, the workers are paid on basis of quantity of work done, i.e., per unit of output, per article, per job, commodity, etc. For computing total remuneration of workers, a pre-determined rate unit of output is multiplied by the total units produced. The rate is fixed with the of time and motion studies. The formula for wage computation under this system is: $\text{Wages} = \text{Number of units produced} \times \text{Rate of wage per unit}$ For example, a worker produces 8 units in one day and the rate of wages per unit is 10. The total wages for the day would be: $8 \times \text{Rs. } 10 = \text{Rs. } 80$ Suitability of Piece Rate System: Piece rate system of payment of wages is considered suitable: (i) Where the quantity of work done can be precisely measured and standardized. (ii) Where the work is of repetitive nature. (iii) Where it is possible to fix a fair and acceptable piece rate. (iv) Where the productivity is closely related to skill and efforts. (v) Where the quality of goods can be controlled. (vi) Where time cards are maintained for ensuring regularity and punctuality of workers and uninterrupted flow of production. (vii) Where materials, tools and machines are readily available to cope with the possible increase in production. Advantages: • Fairness - Under this system, the reward is related to effort. Efficient workers are rewarded and inefficient workers are penalized.

29 • Increase in productivity - More work is turned out in a shorter period of time. Since there is a direct incentive to work, there is always a tendency on the part of the worker to produce more by adopting correct procedure and techniques of production. • Decreased cost of production - Increase in production results in lower costs due to the reduction in fixed cost and overhead cost per unit of production. • Easy determination of quotation price - The employer is able to know the exact labour cost per unit. This will help to make quotations confidently and accurately. • Less Supervision - As compared with the time rate system, the supervision costs under this system are not high, because the workers are to be paid on the bases of performance. The very attraction of greater reward for greater effort drives them to work hard. Disadvantages: • Difficulty in fixation of standard piece rate - Setting of a standard rate involves a lot of difficulties and a considerable amount of expense has to be incurred. If high piece rate is established, it is very difficult to reduce it subsequently. • Ignores quality - As more output means more wages, the workers always in a hurry to produce more. This results in production of standard items, high rate of rejection and ultimately increased, production per unit. • Insecurity - The system does not provide guarantee of minimum of wages to the workers. They feel insecure, since they would get wages during the period when their efficiency may get reduced. Thus, at times, workers may be earning even below the desired level. • Conflict - The system may lead to conflict between the management and the workers. If the output is low due to some fault of the management, as bad quality of raw material, frequent break-downs of machinery/ failure, etc. • Expensive control systems - Management is compelled to incur expensive control systems of supervision and inspection for maintaining output.

30 The piece rate system is of the following types: 1) Piece Rate with Graduated Time Rate: Under this system, workers are actually paid on the basis of output and if the piece rate wages fall below the time rate wages, the worker is paid on time rate basis. The difference will be recovered from his wages when he earns more than the fixed wages. For example, in a manufacturing concern, the piece rate is Rs.4 per unit, the time rate is Rs.80 per day of 8 hours and the daily fixed work is 20 units. If a worker manufactures 18 units in a day, he earns Rs.72 (Rs.4 x 18) on the basis of piece rate. But he will get Rs. 80 as his time wages which is Rs. 8 more than what he earns on piece rate basis and this amount of Rs.8 paid to him in excess will be recovered from his wages whenever his piece rate wages exceed the time rate wages. But if the worker manufactures 22 units in a day, he will get Rs.88 (Rs.4 x 22) on piece rate basis. This system has all the merits of both the time and piece rate systems and removes demerits of both. But it is a very complicated and difficult system for the workers to understand. 2) Differential Piece Rate System: Under the differential piece rate system, the payment of wages is made to labor on the basis of piece rates varying with the level of efficiency of workers. The system provides for higher rewards to more efficient workers. Under this system, there is more than one piece rate to reward efficient workers and to encourage the less efficient workers to improve. Payment at normal piece rate is made for work performed with and up to the standard level of efficiency. Payment is made at higher piece rate if the efficiency exceeds the standard. Higher piece rates are also applicable for still high efficiency. The system motivates the workers to increase productivity and earn higher wages. The system is complicated and expensive to operate and is difficult for the workers to understand. b) Time Rate or Time Wage System: Time Rate or Time Wage System is the most popular method of wage payment. Known by various other names such as time work, day work, day wages and day rate, where, the payment is made on the basis of attendance. Wages are paid to the workers on

31 time basis irrespective of the quantum of production, at a specified wage rate. The wage rate may be fixed on hourly, daily, weekly, fortnightly, or monthly basis. Calculation of wages under this method of wage payment takes into account: (i) the time spent by the worker and, (ii) the wage rate per unit of time fixed. The formula is: $\text{Wages} = \text{Time spent} \times \text{Wage rate per unit of time}$ For example, if a worker gets Rs.10 per hour, he works for 8 hours per day and has been present for duty on 25 days during the month, his wages for the month on the basis of time rate system will be: $(25 \times 8) \text{ hours} \times \text{Rs.10} = \text{Rs. 2,000}$ Thus the worker is paid on the basis of time and not on his performance or quantity of output. Suitability of Time Rate System: The system may prove to be quite ideal in the following cases: (i) Where quality of production is relatively more important than quantity, e.g., tool room, testing and inspection, etc. (ii) Where it is difficult to measure the performance precisely, e.g., the performance of indirect workers, night watchman, gate-keepers, maintenance and repair work, etc. (iii) Where output of the worker is beyond his control, e.g., where his speed of work is restricted by the speed of machines or conveyor belts, or where his work is dependent upon the work done by other workers. (iv) Where close supervision of work is possible. (v) Where the nature of work is such that there is no basis for incentive plan, e.g., night watchman. Advantages: • Simplicity - It is simple to understand and operate. • Economy - The system is economical. Records of labour are simple and less detailed. This means a saving in overheads. • Quality output - The system results in better quality of output and workmanship since workers are in no hurry to complete the jobs.

32 • Offers fixed minimum wage - The system offers a fixed minimum wage to the workers for a defined period of time. They are assured of their earnings in spite of work stoppages or due to below par efficiency caused by personal factors. • Elimination of speeding - Speeding is eliminated as the security of minimum wage is ensured to the workers. Speeding would result in poor health of the workers and wastage of raw materials. Disadvantages: • Unfair - As the wages are paid on the basis of time irrespective of the efficiency of the workers, there is no correlation between the output and wage of a worker. The more efficient worker gets no extra reward for his efficiency. The wages of a beginner and an experienced and innovative worker may be the same. • Discontent and Turnover - The system may cause discontentment among the efficient workers and they may leave the organization resulting in labor turnover. • Reduction of efficiency - Efficient workers may become inefficient because they notice that the inefficient workers also get the same wages. • Increased cost of production - The cost of production per unit is higher; there are direct incentives to workers which ultimately results in doing incomplete work during overtime and overtime wages are paid at a higher rate. Workers also get wages for idle time which helps to increase the cost of production per unit. • Difficulty in preparing quotations - It is not possible to ascertain the exact labour cost per unit because it will change if output falls or rises. So difficulty is experienced in sending the quotations for tenders. There are a few variations of the time rate system with a view to introducing an element of incentive in the time wages. These methods are: A) High Wage Rate: Under this wage system, a time rate of a worker is fixed at a higher level than the average wage rate of the industry. The wage rate is fixed by hour or day. Higher rate is given to attract efficient workers. Overtime is not permitted under this system. Stable working conditions are created to enable the workers to achieve the standard output within the regular hours of work. Those who are not able to achieve the standard are taken off the scheme.

33 B) Graduated Time Rate: Under this method, wages are paid at time rates which vary with changes in the cost of living index. The wage rate per hour or per day goes on changing with changes in the general cost of living index. This system is preferred by the workers during the time of rising prices because their wages go on increasing with increase in the cost of living index. In India, the basic wage rates normally remain fixed and the worker is paid dearness allowance which rises with cost of living. C) Differential Time Rate: Under this wage plan, different wage rates are fixed for different levels of efficiency. Normal time rate is paid to the workers up to a certain percentage of efficiency. The rate gradually increases beyond the standard. Thus higher rates are given to efficient workers in recognition of their efficient performance.

14.4 SALARY, INCENTIVES, PERKS AND BENEFITS. 14.4.1 SALARY Salary is a fixed amount of money or compensation paid

to an employee

by an employer in return for work performed.

Salary is commonly paid in stages at fixed intervals, for example, monthly payments of one-twelfth of the annual salary.

Salary is determined by market pay rates for people doing similar work in similar industries in the same region. Salary is also determined by the pay rates and salary ranges established by an individual employer. Salary is also affected by the number of people available to perform the specific job in the employer's employment locale.

14.4.2 INCENTIVE

Incentive may be defined as any reward or benefit given to the employee over and above his wage or salary with a view to motivating him to excel in his work. Incentives include both monetary as well as non-monetary rewards. A scheme of incentive is a plan to motivate individual or group performance.

It is a compensation linked to individual, team and organization performance. Traditionally also known as variable pay.

Definitions of Incentive:

The following are some of the definitions of the term Incentive: 1.

Wage incentives are extra financial motivation. They are designed to stimulate human effort by rewarding the person, over and above the time rated remuneration, for improvements in the present or targeted results" -

The National Commission on Labour.

34 2. "It

refers to all the plans that provide extra pay for extra performance in addition to regular wages for a job" -

Hummel and Nickerson. 3. "It

is any formal and announced programme under which the income of an individual, a small group, a plant work force or all the employees of a firm are partially or wholly related to some measure of productivity output" -

Scott.

The foundation of incentives rests on several basic assumptions: • Some jobs contribute more to organizational success than others • Some people perform better than others • Employees who perform better should receive more compensation • A portion of some employee's total compensation should be contingent on performance

Strategic Perspectives on Benefit: From the employers perspective, employee benefits and incentives represent a double-edged sword. On one side, employers know that in order to attract and retain employees with necessary capabilities they must offer appropriate benefits and incentives. On the other side they know the importance of controlling or cutting costs.

Goals for Incentives and Benefits: Benefits and incentives must be looked at as part of the overall compensation strategy of the organization. For instance, an organization can choose to compete for employees by providing base compensation, variable pay or benefits or perhaps all the three. Which approach to choose depends upon many factors, such as competition, organization life cycle, and corporate strategy. A new firm may choose to have lower base pay and use high variable incentives to attract new employees, but keep the cost of benefits as low as possible for a while.

Need for incentive: • Monetary compensation does constitute very important reason for the working of an employee. This compensation alone cannot bring job satisfaction to the workers. • One cannot expect effective performance from a worker who is dissatisfied with his job, even if he is well paid. • Sociologists and industrial psychologists also view that the financial aspect is not the only dominant motivating force.

35 • Confidence in the management, pride in the job and in firm and concern for the overall good cannot be brought by a bonus. • Hence the modern authorities on management science have recognized the need for the provision of incentives to build up good morale.

Robert E. Salton has mentioned the following nine factors as the Motives for work: 1. Doing something worthwhile (Good). 2. Trust in leadership. 3. Doing my share (Participation) 4. I count for something (Recognition). 5. A decent living (Fair Wages). 6. A chance to get somewhere (Opportunity). 7. A safe future (Security). 8. Know what's going on (Communication). 9. Conditions at work (Environment)

BASIS FOR INCENTIVES PAYMENT: Individual incentives: It tries to relate individual effort to pay. Conditions necessary for the use of individual incentive plans are as follows: • Identification of individual performance. • Independent work. • Individual competitiveness desired. • Individualism stressed in organizational culture. Group incentives: • Same size reward for each member. • Different size rewards for each member. • Timing of team incentives • Decision making about team incentive amounts

36 **Organizational incentives:** Compensates all employees in the organization based on how well the organization as a whole performs during the year. The idea behind this plan is that overall results depend on organizational or plant-wide cooperation.

CLASSIFICATION

OF INCENTIVES: All forms of incentives can be broadly classified into two kinds namely, (i) Financial incentives and (ii) Non-financial incentives. These incentives can be

further sub-divided into various kinds. (i) Financial or Pecuniary Incentives (ii)

Non-financial Incentives: 1. Wages 1. Job Security 2. Salary 3. Recognition 4. Premium 5. Participation 6. Bonus 7. Pride in Job 8. Delegation of Responsibility 9. Quick Promotion 10. Facilities for Development 11. Labour Welfare Amenities 1.

Financial Incentives: Financial incentives or pecuniary incentives are the most original of all the incentives. It is given in the form of money. The financial incentives still form the most important influencing and motivating factor up to

a certain limit. Because it is only by virtue of the monetary compensation that the workers can satisfy their fundamental needs such as food, clothing, shelter etc. The financial incentives may be either direct or indirect. Direct incentives include wages, bonus and other incentives directly given to the workers in the form of cash. Indirect financial incentives include subsistence allowance expenses, medical expenses etc.

37 2. **Non-financial Incentives:** Non-financial or

non-pecuniary incentives include all other influences planned or unplanned, which stimulate exertion.

Mere monetary incentive cannot help the management in solving all the problems of industrial unrest. Further additional cash wage may also tempt the workers to misuse the money in vices like gambling, drinking etc. Under such circumstances, the non-financial incentives have a significant role to play. Such incentives create a healthy atmosphere and change the mental outlook of the workers. They make the working class more stabilized and economically sound. Thus, in short, the workers by virtue of the non-financial incentives are enabled to enjoy a richer and fuller life. Experiences of foreign countries particularly countries like Britain, America and Japan have shown that there is a high degree of positive correlation between non-financial benefit schemes and labour productivity.

Examples of Non-Financial Incentives: 1. Non-

Financial Incentives can take a variety of forms. Some of the popular ones are given below: 1.

Job

Security: The management must try its best to create a sense of job security. There should be no risk of retrenchment, demotion and termination. Experiences have also shown that the productivity is less in those concerns where workers have no feeling of safe and secure. But it is high in those concerns where they have a feeling of job security. 2.

Recognition: Recognition of work is the essence of securing good work. Efficient people would naturally like to get recognition for their skill and excellence in their work. Such recognition can do many things that what

a cash reward can do. Of course it is not practicable for the superiors to praise everybody for everything done by them. But the technique of praise must be practiced as far as possible. 3. Participation: Workers feel more satisfied when they are given an opportunity to raise their voice in handling the affairs of the enterprise. Since they actually take part in the decision-making their co-operation is assured. 4. Sincere Interest in Subordinates as Individual Persons: The workers must be made to feel pride in their job. Various techniques can be employed to develop pride to work. Food products, dynamic leadership, fair treatment, ethical conduct etc.

can

effectively stimulate the workers pride in their job and in the firm. 5. Pride in job: The workers must be made to feel pride in their job. Various techniques can be employed to develop pride to work. Food products, dynamic leadership, fair 38 treatment, ethical conduct etc. can effectively stimulate the workers pride in their job and in the firm. 6. Delegation of Responsibility: Delegation of rights and responsibilities to execute a given task often proves to be a strong motivating factor. By delegation the superior trusts his workers and stimulates them to show better results. 7. Other Incentives: Other incentives like quick promotion, provisions of facilities for development and training, provision of labour welfare amenities etc. also have a significant role to play in motivating the employees. Merits of Incentives: The following are the advantages derived by providing incentives to employees: 1. Higher output:

By providing incentives to his employees, the employer is able to induce them to work better. This leads to higher output.

2. Greater profits: Needless to say, higher output results in greater profits for the business. This happens in two ways. First, the cost per unit becomes less and second, the enterprise is able to keep the selling price low and this results in greater sales. 3. No problem of idle time: In an organisation where no proper incentives are available for the workers, the tendency will be to while away the time. When suitable incentives are available, the workers become time conscious.

They begin to see every minute in terms of money. 4. Supervision does not pose any problem: When suitable incentives are available, the workers become duty conscious. The need for close supervision, thus, does not arise. 5. Efficient workers are able to earn more:

Such of

those workers who are highly efficient are able to earn more by way of performance bonus, higher commission and so on. 6. Possible to identify inefficient and dull workers: If, in spite of the incentive schemes, some workers are able to earn only their normal wage,

it should mean

that they are basically dull. The employer, therefore, has to decide whether to retain them or subject them to rigorous training. 7. Rate of labour turnover is bound to be low: If adequate

incentives are

available to the workers, they may not have a feeling of dissatisfaction. Such workers are sure to have greater work commitment and therefore may not leave the organisation. The rate of labour turnover, as a result, is bound to be low.

39 8. Reduction in complaints and grievances: As the organization makes available suitable incentives to the workers, they may not have anything to complain about. This leads to reduction in complaints and grievances. Problems arising out of incentives: The following problems are bound to arise while implementing an incentive plan: 1.

Quality

of work may suffer: The workers, those in the production department in particular, may give undue importance to the quantity of output produced neglecting the quality of output. Such a problem can be overcome only if the organization has a perfect system of quality control. 2. Inter-personnel relationships may suffer: Only those employees who are really efficient will be benefited out of incentives. This may promote ill-feelings among the employees of an organization. 3. Wear and tear of machines may be more: As the employees are keen on increasing the output all the time, they may handle the machines carelessly. This increases the wear and tear of machines. 4. Health of the workers may get affected: Some workers tend to overwork in order to earn more and this may affect their health. 5. Increase in accidents: There is always a preference to step up output disregarding even safety regulations and this may increase the rate of accidents in the workplace. 6. Increase in paper work: Proper administration of any incentive scheme involves lot of paper work. It necessitates the maintenance of proper records and books. 14.4.3

PERKS Perks are employee benefits, usually in addition to salary and standard employee benefits. The word, perk or perks, is a short form of the word perquisite which means incentives, bonuses, extras, or sweeteners. In use in business, the term perks has come to mean benefits or extras above and beyond the normal comprehensive benefits package. Perks also refers to nonstandard benefits that are unusual or for which only a limited number of employees are eligible. You will hear employees in the business world use the word perks in reference to any nonstandard benefit, though this is not the usual reference.

40 In organizations, perks are often viewed as an incentive or a form of gratitude that is offered to executive level employees or employees with seniority or longevity – something that sets the employee aside from the average employee. Perks also refer to employee benefits that are discretionary and optional on the part of an employer. Perks do not necessarily involve a monetary cost to the employer. Perks may consist of privileges, rewards, or options. Examples of Perks The following are examples of perks of both the monetary type and perks that are available as a privilege. • Company supplied cars • Free lunches or beverages • Company logoed shirts, hats, and other merchandise supplied at low cost or no- cost • First choice of vacation schedule • First chance to work overtime • Professional association membership • Conference attendance • First chance for lateral moves or promotions • Job openings posted and filled internally before externally • Flexible schedules • Telecommuting opportunities • Office, larger office with window • Tuition reimbursement • Cafeteria benefits plan 14.5 PERQUISITE Perquisite” may be defined as any casual emolument or benefit attached to an office or position in addition to salary or wages. In essence, these are usually non-cash benefits given by an employer to employees in addition to cash salary or wages. However, they may include cases where the employer reimburses expenses or pays for obligations incurred by the employee. Perquisites are also referred to as fringe benefits.

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These are normally provided to managerial personnel either to facilitate their job performance or to retain them in the organization. Such perquisites include company car, club membership, free residential accommodation, paid holiday trips, stock options, etc. 14.6

FRINGE BENEFIT Fringe benefits which is a nonwage compensation that is usually given to those who provide notable work contributions to their companies. Examples of Fringe Benefits: • Retirement benefit plans • Group health insurance • Medical, prescription, dental, and vision plans • Long-term care insurance plans • Life insurance coverage • Relocation assistance • Legal assistance plans • Transportation benefits • Child care benefits • Adoption assistance • Employee discounts (e.g. wellness programs, hotels and resorts, movie theaters, theme parks, business establishments, etc.) Usually, fringe benefits are tax deductible from the employer’s gross income and not from the workers’. However, some nonwage benefits are not taxable particularly when these are requirements for the employment. For example, an employer provided a clothing allowance to a factory worker whose job requires handling corrosive chemicals. If the money is for buying special clothing to protect the worker from injuries, this fringe benefit will not be subjected to any tax deduction. Also, some fringe benefits, especially those that provide health coverage, are usually not subjected to federal income tax.

42 Organizations

provide a variety of fringe benefits. The fringe benefits are classified under four heads as given here under: 1.

For

Employment Security: Benefits under this head include unemployment, insurance, technological adjustment pay, leave travel pay, overtime pay, level for negotiation, leave for maternity, leave for grievances, holidays, cost of living bonus, call-back pay, lay-off, retiring rooms, jobs to the sons/daughters of the employees and the like. 2.

For

Health Protection: Benefits under this head

include accident insurance, disability insurance, health insurance, hospitalization, life insurance, medical care, sick benefits, sick leave, etc. 3.

For

Old Age and Retirement: Benefits under this category include: deferred income plans, pension, gratuity, provident fund, old age assistance, old age counseling, medical benefits for retired employees, traveling concession to retired employees, jobs to sons/daughters of the deceased employee and the like. 4.

For

Personnel Identification, Participation and Stimulation: This category covers the following benefits: anniversary awards, attendance bonus, canteen, cooperative credit societies, educational facilities, beauty parlor services, housing, income tax aid, counseling, quality bonus, recreational programs, stress counseling, safety measures etc.

The fringe benefits are categorized as follows: a)

Payment for Time Not worked: Benefits under this category include: sick leave with

pay, vacation pay, paid rest and relief time, paid lunch periods, grievance time, bargaining time, travel time

etc. b) Extra Pay for time Worked: This category covers the benefits such as: premium pay, incentive bonus, shift

premium, old age insurance, profit sharing, unemployment compensation, Christmas bonus, Deewali or Pooja bonus, food cost subsidy, housing subsidy, recreation.

Advantages of Giving Fringe Benefits: Employers have several reasons why they provide fringe benefits even if this means additional expenses.

43 • With extensive health coverage plans, companies can keep their key employees and workers who provide satisfying service. • Usually, most employers enjoy tax breaks especially if they provide group health plans. • Workers will usually prefer better fringe benefits than higher salary, allowing employers to reduce their expenses. • Several studies suggested that employees who are covered by a good health insurance are less likely to be absent from their work. • When receiving benefits, workers will think that their companies are good employers, boosting their morale and improving their work ethics. • Employers may get personal benefits for less money if they will purchase a group health coverage for their workers. Disadvantages of Giving Fringe Benefits: While giving fringe benefits will have significant advantages to employers and workers, these are some of the drawbacks: • For small employers, fringe benefits will cost more. Also, they have less choice in drafting their worker's retirement or health plan because of administrative costs. • The cost of health insurance coverage is steadily rising, making it less affordable to most employers especially in tough economic times. • The more benefits a company will provide, the higher the administrative fees will cost. • Employers may face lawsuit (usually on the basis of discrimination) if they fail to provide fringe benefits to all workers or exclude someone from receiving this. 14.7 SUMMARY Though usually not ranked the most important, compensation is an important factor in job quality. Non-profit organizations have some obvious challenges when it comes to providing competitive salary and benefits to attract and keep the best staff. Organizations can, and should, market their strengths because people are also looking for jobs that make a difference, offer interesting and varied challenges and have positive working relationships.

44 However, we'll never be able to escape the fact that compensation is important - and a deciding factor for people when they consider a job. The HR Council is currently developing new content to add to this section of the HR Toolkit to help non-profit organizations manage their employee pay and benefits.

14.8 SELF ASSESSMENT QUESTIONS

1. Explain the characteristics of best compensation plan
2. How do designing compensation system in an organisation?
3. What is an incentive? Explain its advantages and disadvantages
4. What do you mean by Perquisite? Name any few perquisites
5. What is perks? Explain its advantages

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UNIT- 15 : GOVERNMENT POLICY - STATUTORY BENEFITS Structure

15.0 Objectives

15.1 Introduction

15.2 Employee state Insurance Act

15.2.1 Medical Benefit

15.2.2 Sickness Benefit

15.2.3 Maternity Benefit

15.2.4 Medical Bonus

15.2.5 Disablement benefit

15.2.6 Dependents Benefit

15.2.7 Funeral expenses

15.2.8 Rehabilitation allowance

15.3 Provident Fund Act 1952

15.4 Payment of Gratuity Act 1972

15.5 Summary

15.6

Self Assessment

Questions

15.7 References

46 15.0

OBJECTIVES After studying this unit, you should be able to;

- Explain the concept of statutory worker
- Describe the

Employee state Insurance Act.

- Explain the Medical Benefits
- Explain the provision of Gratuity Act

15.1 INTRODUCTION

Statutory workers' compensation refers to the laws and regulations that form the framework for a workers' compensation program. Although the workers' compensation program is national, each state is responsible for implementing its own workers' compensation statutes. This means every aspect of workers' compensation, from who qualifies for coverage to the maximum amount of money awarded, can vary from state to state. In the early 20th century, the government stepped in to create a social insurance program to protect both employees and employers. This statutory workers' compensation program gives injured employees an absolute right to medical care in exchange for forgoing their right to sue their employer. Statutory workers' compensation is a no-fault system, meaning the employee doesn't have to prove the employer is at fault to receive benefits. In many states, employers pay for workers' compensation with insurance premiums paid to statewide workers' compensation funds. In other states, employers are permitted to self-insure and pay the claims themselves.

15.2 EMPLOYEE STATE INSURANCE ACT

ESI Scheme for India is an integrated social security scheme tailored to provide Social Benefits to workers and their dependents, in the organised sector, in contingencies, such as Sickness, Maternity and Death or Disablement due to an employment injury or Occupational hazard

The ESI Act 1948 applies to/coverage:

- Non – seasonal Factories using Employing ten (10) or More persons
- Employees of the Factories and Establishments in receipt of wages not exceeding Rs.6000 /- Per month are covered under this Act.

47 Wages means all remuneration paid or payable in cash to an employee,

if the terms of the contract of employment, express or implied, were fulfilled

and includes any payment to an employee in respect of any period of authorized leave, lock out, strike which is not illegal or layoff and other additional remuneration, if any, paid at intervals not exceeding two months, but does not include:

- a) Any contribution paid by the employer to any pension fund or Provident fund, or under this act;
- b) Any travelling allowance or the value of any travelling concession;
- c) Any sum paid to the person employed to defray special expenses entailed on him by the nature of his employment;
- or d) Any gratuity payable on discharge.

Contribution and benefit period: The Scheme is primarily funded by contribution raised from Insured Employees and their employers. Payable such as : 1. Employees' Contribution – 1.75% of the Wages 2. Employers' Contribution – 4.75% of the Wages TOTAL – 6.5 % of the Wages Employees in receipt of an average daily wage of Rs.40/- or Less, are exempted from Payment of their share of contribution (w.e.f 8.4.00) but are entitled to all social security benefits under the Scheme. Employees covered under the ESI Act, are required to pay contribution towards the scheme on a monthly basis. A contribution period means a six month time span from 1 st April to 30 th September and 1 st October to 31 st March. Cash benefits under the scheme are generally linked with contributions paid. The benefit period starts three months after the closure of a contribution period. The two type of periods are elucidated below. Contribution Period Benefit Period 1 st April to 30 th September 1 st January to 30 th June of the following year 1 st October to 31 st March 1 st July to 31 st Dec.

48 Advantages to employers: Employers are absolved of their liabilities of providing medical facilities to employees and their dependents in kind or in the form of fixed cash allowance, reimbursement of actual expenses, lump sum grant or opting for any other medical insurance policy of limited scope unless it is a contractual obligation of the employer. Employers are exempted from the applicability of the: (a) Maternity Benefit Act (b) Workmen's' Compensation Act in respect of employee covered under the ESI Scheme Employers are absolved of any responsibility in times of Physical distress of workers such as sickness, employment injury or physical disablement resulting in loss of wages, as the responsibility of paying cash benefits shifts to the corporation in respect of insured employees. Any sum paid by way of contribution under the ESI Act is deducted in computing 'income' under the Income Tax Act. Advantage to employees: ESI Scheme Major Social Security Benefits in Cash and Kind include ... 1. Medical Benefit – for self & Family 2. Sickness Benefit – for self 3. Maternity Benefit - for self 4. Disablement Benefit a). Temporary Disablement Benefit – for self b). Permanent Disablement Benefit – for self 5. Dependents' Benefit – for dependents in case of death due to employment injury In addition, the Scheme also provides some other need based benefits to insured workers. These are: i) Funeral Expenses – to a person who performs the last rites of IP ii) Rehabilitation allowances – for self iii) Vocational Rehabilitation - for self

49 iv) Old age Medicare – for self and spouse v) Medical Bonus – for insured women and IP's wife

15.1.1 MEDICAL BENEFIT

- Medical Benefit means Medical care of IPs and their families, wherever covered for medical benefit.
- The Standard medical care consists of out-door treatment, in-patient treatment, all necessary drugs and dressing, pathological and radiological specialist consultation and care, ante-natal and post natal care, emergency treatment etc.,
- Out-door medical care is provided at the state Insurance Dispensaries or Mobile Dispensaries manned by full-time doctors (service' system) or at the private clinics of Insurance Medical Practitioners (Panel System)
- Insured worker and members of his family are eligible for medical care from the very first day of the worker coming under ESI Scheme.
- A worker who is covered under the scheme for first time is eligible for medical care for the period of three months. If he/she contributes at least for 78 days in a contribution period the eligibility is there up to the end of the corresponding benefit period.
- A worker is also eligible for extended sickness benefit when he/she is suffering from any one of the long term 34 diseases listed in the Act. This is admissible after the worker has been under ESI these conditions are satisfied medical benefit is admissible for a maximum period of 730 days for the IP and his/ her family.

15.1.2 SICKNESS BENEFIT

- Sickness signifies a state of health necessitating Medical treatment and attendance and abstention from work on Medical grounds. Financial support extended by the corporation is such a contingency is called sickness Benefit
- Sickness Benefit represents periodical payments made to an Insured Person for the period of certified sickness after completing 9 Months in insurable employment.

15.1.3 MATERNITY BENEFIT

- Maternity Benefit is cash payable to an Insured women for the specified period of abstention from work for confinement or mis-carriage or for sickness arising out of pregnancy, "confinement" "premature birth of child or miscarriage"

50 "confinement" connotes labour after 26 weeks of pregnancy whether the result issue is alive or dead, • "Miscarriage" means expulsion of the contents of a pregnant uterus at any period prior to or during 26 th week of pregnancy. • Criminal abortion or miscarriage does not, however, entitle to benefit. • The contribution condition is the same as for Sickness Benefit. • The daily benefit rate is double the sickness Benefit rate and is thus roughly equivalent to the full wages. Benefits are paid for Sundays also. The Benefit is paid as follows (Duration) a) For Confinement: For a total period 12 Weeks beginning not more than 6 weeks before the expected date of child birth, if the insured women dies during confinement or within 6 weeks thereafter, leaving behind the living child, the benefit continues to be payable for the whole of the period. But the child also die during that period, the benefit will be paid upto and including the day of the death of the child. b) For Miscarriage, for the period of 6 weeks following the date of miscarriage c) For sickness arising out of pregnancy, confinement, and premature birth of child or miscarriage: For an additional period or upto four weeks. In all the cases, the benefit is paid only if the insured women do not work for remuneration during the period for which benefit is claimed. There is no waiting period. 15.1.4 MEDICAL BONUS Medical Bonus is lump sum payment made to an Insured woman or the wife of an insures person in case she does not avail medical facility from an ESI hospital at the time of delivery of a child. This bonus of Rs. 250/- has been increased to Rs. 1000/- from 1 st April 2003 15.1.5 DISABLEMENT BENEFIT a) Temporary disablement benefit : • In case of temporary disability arising out of an employment injury or occupational disease.,

51 • Disablement benefit is admissible to insured person for the entire period so certified by an Insurance Medical officer / Practitioner for which IP does not work for wages. • The benefit is not subject to any contributory condition and is payable at a rate which is not less than 70% of daily average wages. • However, not payable if the incapacity lasts for less than 3 days excluding the date of accident. b) Permanent disablement benefit: In case an employment injury or occupational disease results in permanent, partial or total loss of earning capacity, Periodical payments are made to the IP for life at a rate depending on the actual loss of earning capacity as may be determined and certified by a duly-constituted Medical Board. The rates of Disablement Benefits are determined in accordance with the provisions of Rule 57 of ESI (Central) Rules, 1991. In order to product erosion in real value of the periodical payments of Permanent Disablement benefits, against rise in the cost of living index, periodical increases are granted, based on actuarial calculation. • Commutation of periodical payments into lump sum (one time payment) is permissible where the permanent disablement stands assessed as final and daily rate of benefit does not exceed Rs. 1.50. per day. •

Commutation of Permanent Disablement Benefit into lump sum payment is also allowed in case the total commuted value does not exceed Rs.10000/- (The ceiling is now being raised to Rs.30000/-). 15.1.6 DEPENDENTS BENEFIT

Dependents Benefit is a monthly pension payable to the eligible dependents

of an insured person who dies as a result of an Employment Injury or occupational disease

Beneficiaries and Duration of benefit a) Widow / widows during life or until remarriage b) Legitimate or adopted son until age 18 or if legitimate son is infirm, till infirmity lasts.

52 c) Legitimate or adopted unmarried daughter until age 18 or until marriage, whichever is earlier, or if infirm, till infirmity lasts and she continues to be unmarried. In the absence of any widow or legitimate child, the benefit is payable to a parent or grandparent for life, to any other male dependent until age 18 or to an unmarried or widowed female dependent until age 18. Benefit extent: • The total divisible benefit is equivalent to the temporary disablement benefit rate (roughly 70% of the wage rate). The widow / widows share 3/5 th of the benefit and the legitimate or adopted son and daughter 2/5 th each of the benefit. If the total benefit so divided exceeds the full rate, there is a proportionate reduction in the respective shares of the beneficiaries. • The amount of pension paid to the dependents of a deceased insured person is reviewed vis-à-vis the cost of living index and increases are granted from time to time to compensate for erosion in its real value. 15.1.7 FUNERAL EXPENSES Funeral Expenses are in the nature of lump sum payment up to a maximum of Rs.2500/- made to defray the expenditure on the funeral of deceased IP. The amount is paid either to the eldest surviving member of the family or, in his absence, to the person who actually incurs the expenditure on the funeral. 15.1.8

REHABILITATION ALLOWANCE The corporation, vide its Resolution dated 22.12.1979, resolved to grant rehabilitation allowance to the IPs, for each day, on which they remain admitted in an Artificial limb centre. On the rates, which generally confirm to double the Standard Sickness Benefit rate. The above benefit was introduced with effect from 1.1.1980

Obligation of Employers: 1) Get your Factory / establishment registered within 15 days after the Act becomes applicable. Submit Form 01 to the Regional office for this purpose. Obtain Employer's code No. for use in all ESIC Forms / documents and correspondence with the offices of the ESI Corporation. 2) Fill up Declaration Forms in respect of all coverable employees and submit the same to the Regional Office/ Local Office of the corporation well before the 'Appointed Day' and obtain insurance Numbers from the concerned Local Office/ Regional 53 Office, In respect of newly appointed employees, fill up the declaration form soon after appointment of such employees and submit the same to the Local Office Concerned. 3) Pending receipt of identity cards/ identity certificates you may issue "certificate of employment" in Form 86 to the covered employee(s) enabling them to avail cash/ medical Benefits 4) Pay ES contribution (Employee's Share @4.75% and the Employer's share @ 1.75% of the wages) within 21 days of the month following, in which the wages fall due. 5) Maintain an Accident Book as prescribed under the Factory Act / ESI Act. 6) Submit an Accident Report to the Local Office / ESI Dispensary concerned immediately in respect of accidents that could result in death or disablement and within 24 hours of its occurrence otherwise. Minor accidents which do not cause absence from work need not be reported 7) Grant leave to insured employees on the basis of sickness certificates issued by any authorised ESI doctor. 8) Submit return of contribution within 42 days of the expiry of contribution period. 9) Intimate the date of closure of shifting (Temporary or Permanent) of the Factory / Establishment to the Regional office / Local Office within seven days of its closure or shifting 10) Promptly report change in business activity, ownership of the concern or its management. 11) Ascertain the liability towards ESI dues, while taking over the ownership of any factory/establishment by purchase, gift, lease or license or in any other manner whatsoever as new owner is liable to discharge the past liabilities if any Maintaining the following records/ registers properly for the purpose of inspection: a) Attendance Registers / Muster Rolls (in respect of all employees including those employed through contractors) b) Wage register c) Cash Book / Bank Book d) Account Books including Ledgers and Vouchers, Balance Sheet. e) Employees' Register 54 f) Accident Book g) Returns of Contribution h) Return of Declaration Forms i) Copies of Challans j) Inspection Book 14.3 PROVIDENT FUND

ACT, 1952 Objective: The Employees' provident Funds and Miscellaneous provisions Act, 1952 is enacted to provide a kind of social security to the industrial workers. The Act mainly provides retirement or old age benefits, such as Provident Fund, Superannuation Pension, Invalidation Pension, Family Pension and Deposit Linked Insurance. The Act provides for payment of terminal benefits in various contingencies such as retrenchment, closure, and

retirement on reaching the age of superannuation, voluntary retirement and retirement due to incapacity to work. **Applicability of the act:** To every factory employing 20 or more persons. Any establishment to which the Act applies shall continue to be governed by the Act even if the number of persons employed therein at any time falls below. Every employee employed in or in connection with the work of a factory or other establishment covered by the schemes other than an excluded employee is entitled and required to become a member of the fund from the date of joining the factory or establishment. **Excluded Employee:** An employee who, having been a member of the fund, has withdrawn the full amount of his contribution in the fund (a) on retirement from service after attaining the age of 55 years or (b) before migration from India for permanent settlement abroad; or for taking employment abroad An employee whose pay at the time he is otherwise entitled to become a member of the Fund, exceeds Rs. 6,500/- per month. A person who is an apprentice, or who is declared to be an apprentice by the authority specified in this behalf by the appropriate Government.

55 Contribution under EPF Scheme, 1952: 1. Employees: 12% on Basic + DA 2. Employer: (a) 3.67% on Basic + DA (b) Administrative Charges: 1.10% on Basic +DA The Employees' Pension Scheme, 1995 Purpose: The purpose of the scheme is to provide for (1) superannuation pension, retiring pension or permanent total disablement pension to employees covered by the Employees' Provident Funds and Miscellaneous Provisions Act, and (2) widow or widower's pension, children pension or orphan pension payable to the beneficiaries of such employees. **Contribution:** Employee: Not required 2. Employer : (a) 8.33% on Basic + DA It is to be noted that where the pay of the member exceeds Rs. 6,500/- per month, the contribution payable by the employer will be limited to the amt. payable on his pay of Rs. 6,500/-

only. Formalities under EPF Act: Employees have been appointed on salary (Basic+ DA or Consolidated) of Rs. 6500 or less or covered under the provision of the EPF Act, right from the day of commencement of their work. Employee can contribute more behind Rs.6500 similarly employer also at his discretion can do so but not mandatory. EPF Act is applicable to such of the establishments who are engaging 20 or more persons or had engaged 20 or more persons at any time during calendar year. Formalities under EPF Act: Casual workers/ Temporary workers/ Probationary, even if they had performed work even for a day, are technically taken into account for the purpose of assessments of strength of 20 for the purpose of applicability of the act and are also covered under the act. Apprentices/ Trainees are excluded from the definition of employees. Percentage of contribution to be deducted from employees contribution is 12% of his salary, namely Basic + DA, but does not include HRA, CCA, Incentive, Bonus, Washing allowance etc. Formalities under EPF Act: Employer contribution of 12% of the salary of employees is to be paid as under 3.67% to be remitted in Account No.1 (Employees Account)

p 8.33%

to be remitted in Account No.10 towards pension fund. In addition to 12%, the employer has to remit 1.61% paid as under 1.10% Administrative charges in Account No.2 0.5% EDLI in Account No.21 0.01% Inspection charges in Account No.22 56 To facilitate the employer to make the above contribution a consolidated challan (in quadruplicate) is made in which all the above contributions could be remitted one challan itself. The Employees' Deposit-Linked Insurance Scheme, 1976 Purpose: To provide life insurance benefits to the employees of the establishments covered by the EPF & MP Act, 1952 Contribution under EDLI Scheme, 1976: 1. Employees: Not required 2. Employer : (a) 0.5% on Basic + DA (b)

Administrative Charges : 0.01% on Basic + DA

Where the monthly pay of an employee is more than Rs. 6,500 the contribution payable in respect of him by the employer is limited to the amts payable on a monthly pay of Rs. 6,500

only. Benefits of EDLI scheme: The benefit provided under the scheme in the nature of life insurance as follows: On the death of an employment while in service a lump sum insurance amount is payable to his nominee or family members.

The insurance amount is

equal to the average balance in the account of the deceased

employee in the Provident Fund during a period of 12 months immediately preceding his death. In case the average balance exceeds Rs.35,000/- the insurance amount payable is Rs. 35,000/- plus 25% of the amount in excess of Rs. 35,000/- subject to a ceiling of Rs. 60,000/- . 15.4

PAYMENT OF

GRATUITY ACT, 1972 An Act to provide for a scheme for the payment of gratuity

to employees engaged in factories, mines, oilfields, plantations, ports, railway companies, shops or other establishments

Application of this Act: (a) Every factory, mine, oilfield, plantation, port and railway company; (b) every shop or establishment within the meaning of any law

in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; (

c) such other establishments or class of establishments,

in which ten or more employees are employed, or were employed, on any day of the preceding twelve months,

as the Central Government may, by notification, specify in this behalf.

57 Application- if No. of employees reduced: If the no. of employees are reduced once this Act is applied to a shop or establishment, It

shall still continue to be governed by this Act even if the number of persons employed

gets reduced at a later date. Retirement and superannuation: Retirement means termination of the service of an

employee otherwise than on superannuation; superannuation in relation to an employee, means the attainment by the employee of such age as is fixed in the contract or conditions of service as the age on the attainment of which the employee shall vacate the employment.

Wages: All emoluments which are earned by an employee while on duty or on leave in accordance with the terms and conditions of his employment and which are paid or are payable to him

in cash and includes dearness allowance but does not include any bonus, commission, house rent allowance, overtime wages and any other allowance

Family: "Family", in relation to an employee, shall be deemed to consist of in the case of a male employee, himself, his wife, his children, whether married or unmarried, his dependent parents the dependent parents of his wife and the widow and children of his predeceased son, if any

Family: Family in the case of a female employee, herself, her husband, her children, whether married or unmarried, her dependent parents and the dependent parents of her husband and the widow and children of her predeceased son, if any

Can adopted children become family members? Where the personal law of an employee permits the adoption by him of a child, any child lawfully adopted by him shall be deemed to be included in his family, and where a child of an employee has been adopted by another person and such adoption is, under the personal law of the person making such adoption, lawful, such child shall be deemed to be excluded from the family of the employee

Who is eligible for gratuity and when:

Gratuity shall be payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years, - (

a) on his

58 superannuation, or (b) on his retirement or

resignation, or (c) on his death or disablement (five year service not required) due to accident or disease: Who should get if

employee dies? In the case of death of the employee, gratuity payable to him shall be paid to his nominee or, if no nomination has been made, to his heirs, and where any such nominees or heirs is a minor, the share of such minor shall be deposited with the controlling authority (i.e. government officer) who shall invest the same for the benefit of such minor in such bank or other financial institution, as may be prescribed, until such minor attains majority.

Amount of Gratuity- how much:

For every completed year of service or part thereof in excess of six months, the employer shall pay gratuity to an employee at the rate of

fifteen

days' wages based on the rate of wages last drawn by the employee concerned

How to compute wages for Gratuity to Piece rated employees: In the case of a piece rated employee, daily wages shall be computed on the average of the total wages received by him for a period of three months immediately preceding the termination of his employment, and, for this purpose, the wages paid for any overtime work shall not be taken into account (in a piece rated system there may not be the concept of basic, DA, HRA, CCA etc.)

Computation of Gratuity for employees in seasonal employment: In the case of an employee who is employed in a seasonal establishment and who is not so employed throughout the year, the employer shall pay the gratuity

at the rate of seven days' wages for each season

How to calculate gratuity equal to 15 days wages: In the case of a monthly rated employee, the fifteen days' wages shall be calculated by dividing the monthly rate of wages last drawn by him by twenty-six and multiplying the quotient by fifteen

Example Monthly wages Rs. 13000 Divide it by 26 = the quotient you got is Rs. 500 Multiply Rs.500 (quotient) x 15 days = Rs.7500 (i.e. the gratuity payable

for each completed year of service or part in excess of six months

thereof). Maximum limit on Gratuity:

The amount of gratuity payable to an employee shall not exceed ten rupees (

Rs.10,00,000). If there is an award, agreement or contract for higher amount of gratuity, it is allowed.

59 Gratuity to disabled employees: Computing the gratuity payable to an employee who is re-employed, after his disablement, on reduced wages, his wages for the period preceding his disablement, shall be taken to be the wages received by him during that period, and his wages for the period subsequent to his disablement shall be taken to be the wages as so reduced. Forfeiture of Gratuity: An employee, whose services have been terminated for any act, willful omission or negligence causing any damage or loss to, or destruction of, property belonging to the employer, shall be forfeited to the extent of the damage or loss so caused; the gratuity payable to an employee may be wholly or partially forfeited if the services of such employee have been terminated for his riotous or disorderly conduct or any other act of violence on his part, or if the services of such employee have been terminated for any act which constitutes an offence involving moral turpitude, provided that such offence is committed by him in the course of his employment. Compulsory insurance: Every employer shall obtain an insurance, for his liability towards payment of gratuity under this Act, from the Life Insurance Corporation of India. Exceptions: state and central governments every employer employing five hundred or more persons who establishes an approved gratuity fund appropriate government may, exempt any employer who had already established an approved gratuity fund and who desires to continue such arrangement Registration of Establishments: Every employer shall get his establishment registered with the controlling authority in the prescribed manner and no employer shall be registered under the provisions of this section unless he has taken insurance or has established an approved gratuity fund Employer's failure to pay insurance premium: Where an employer fails to make any payment by way of premium to the insurance or by way of contribution to an approved gratuity fund he shall be liable to pay the amount of gratuity due under this Act including interest, if any, for delayed payments forthwith to the controlling authority.

60 Punishment for failure to pay premium or Gratuity: Shall be punishable with fine which may extend to ten thousand rupees and in the case of a continuing offence with a further fine which may extend to one thousand rupees for each day during which the offence continues. Nomination: An employee, who has completed one year of service, shall make nomination An employee may, in his nomination, distribute the amount of gratuity payable, to more than one nominee. Employees having family shall make nomination in favour of one or more family members. Employee not having family may make nomination in favour of other person/s but such nominations becomes invalid if he acquires a family at a later date. Thus he/she has to make fresh nomination after acquiring the family. Change in Nomination: Employee has the right to change the nomination in accordance with the provisions of this Act. If a nominee predeceases the employee, the interest of the nominee shall revert to the employee who shall make a fresh nomination. Every nomination, fresh nomination or alteration of nomination, as the case may be, shall be sent by the employee to his employer, who shall keep the same in his safe custody. Employer to initiate calculation and notice of payment: Any person eligible to receive gratuity shall make an application to the employer for payment of the same within the prescribed time. Whether an application is made or not the employer shall determine the amount payable and give notice to the eligible person/s and to the controlling authority specifying the amount of gratuity determined Time limit for payment of gratuity: The employer shall arrange to pay the amount of gratuity within thirty days from the date it becomes payable. If not paid within the period stipulated, above employer is liable to pay interest for the delayed payment. Interest is not payable if the delay was caused due to the fault of the employee and the employer has obtained permission in writing from the controlling authority for the delayed payment on this ground. If there is any dispute as to the amount payable or the persons eligible to receive it, the employer shall deposit amount as per his calculation with the controlling authority.

61 Procedure for resolving the disputes: Where there is a dispute the aggrieved party shall make an application to the controlling authority for deciding the dispute. Controlling authority shall, after due inquiry and after giving the parties to the dispute a reasonable opportunity of being heard, determine the matter and pass appropriate orders Payment by controlling authority: Controlling authority shall pay the amount deposited to the person entitled to the applicant where he is the employee, or where the applicant is not the employee, to the nominee or, as the case may be, the guardian of such nominee or heir of the employee if the controlling authority is satisfied that there is no dispute as to the right of the applicant to receive the amount of gratuity. Powers of controlling authority: The controlling authority shall have the powers under the Code of Civil Procedure, 1908 in respect of the following matters, namely (a) enforcing the attendance of any person or examining him on oath; (b) requiring the discovery and production of documents; (c) receiving evidence on affidavits; (d) issuing commissions for the examination of witnesses. Appeal against the order of controlling authority: Appeal if any shall be made within 60 days from the date of the order Appeal by employer will not be admitted unless the disputed amount is deposited appellate authority, after giving the parties to the appeal a reasonable opportunity of being heard, confirm, modify or reverse the decision of the controlling authority Inspector and his powers: Government shall appoint inspectors to implement the provisions of this Act Every inspector is deemed to be a public servant under the Indian Penal Code 1860 Inspectors will have powers to require an employer to furnish any information enter and inspect any place of work for the purpose of examining any register, record or notice or other document required to be kept or exhibited under this Act. Inspector and his powers: May examine the employer or any employee make copies of, or take extracts from, any register, record, notice or other document, as he may consider relevant search and seize, such register, record, notice or other document as he may consider relevant in respect of any offence persons required to produce any register, record, notice or other

62 document or to give any information are duty bound to do so under section 175 and 176 of the Indian Penal Code 1860. Exercise any other power prescribed by the state section 94 of Code of Criminal Procedure, 1973 shall apply to search and seize Recovery of gratuity: If the amount of gratuity payable under this Act is not paid by the employer, within the prescribed time, the controlling authority shall, on an application made to it in this behalf by the aggrieved person, issue a certificate for that amount to the Collector, who shall recover the same, together with compound interest thereon as arrears of land revenue and pay the same to the person entitled. Controlling authority shall, before issuing a certificate under this section, give the employer a reasonable opportunity of showing cause against the issue of such certificate: Amount of interest shall not be more than the amount of gratuity payable Protection of gratuity: Gratuity payable Shall NOT be liable to attachment in execution of any decree or order of any civil, revenue or criminal court. BENEFITS Benefits are provided by employers to employees for being part of the organization. Benefits influence employee's decisions about which particular employer to work for, whether to stay or leave employment and when they might retire. Total compensation includes money paid directly (such as wages and salaries) and money paid indirectly (such as benefits). Too often, both managers and employees think of only wages and salaries as compensation and fail to consider the additional costs associated with benefits expenditure. Total compensation costs for labour amounts to more than half of total operating costs in many organizations. Because of the sizeable proportion of organizational costs, the compensation components of pay, variable pay and benefits require serious and realistic assessment and planning. TYPES OF BENEFITS There are a wide range of benefits offered. The figure below shows the many different benefits classified by types:

63 A) Government mandated benefits: These are the benefits which must be provided to the employees which is mandated by law. a) Security Benefits: A number of benefits provide employee security. These benefits include some mandated by laws and others offered by employers voluntarily. The primary benefits found in most organizations include workers compensation, unemployment compensation and severance pay. i) Workers compensation: It provides benefits to persons injured on the job. State laws require most employers to provide workers compensation coverage by purchasing insurance from a private carrier or state insurance fund or by providing self-insurance. The workers compensation system requires employers to give cash benefits, medical care and rehabilitation services to employees for injuries or illness occurring within the scope of their employment. In exchange, employees give up the right of legal actions and awards. However it is in the interest of both employers and employees to reduce workers comp costs through safety and hence programs. ii) Unemployment benefits: Another benefit required by law is unemployment compensation, established as part of the social security act of 1935. Unemployment provisions differ from state to state. The purpose of unemployment insurance is to provide workers, who are unemployed through no fault of their own, with monetary payments for a specific period of time or until the worker finds a new job. Unemployment benefits are provided by state unemployment insurance programs within guidelines established by Federal law. Eligibility for unemployment insurance, benefit amounts and the length of time benefits are available are determined by state law. Unemployment Eligibility: In order to receive unemployment compensation, workers must meet the unemployment eligibility requirements for wages earned or time worked during an established (one year) period of time. In addition, workers must be determined to be unemployed through no fault of their own.

64 Disqualification from Unemployment: The following circumstances may disqualify you from collecting unemployment benefits, depending on state law: • Quit without good cause • Fired for misconduct • Resigned because of illness (check on disability benefits) • Left to get married • Self-employed • Involved in a labor dispute • Attending school

Unemployment Benefits: • Regular benefits are paid for a maximum of 26 weeks in most states. • Additional weeks of benefits are available during times of high unemployment. • In many states, the compensation will be half your earnings, up to a maximum amount. • Benefits are subject to Federal income taxes and must be reported on your Federal income tax return. Extended Unemployment Benefits: • Additional weeks of extended unemployment benefits, starting after the maximum of 26 weeks of standard state benefits, may be available to eligible unemployed workers during periods of high unemployment. These benefits are provided by the federal government, but paid through the state unemployment system. • Check with your state unemployment office for information on what benefits you are entitled to. When to File:

Filing for unemployment should be the first item on your agenda when you've been laid off. It might take two or three weeks to collect a check, so the sooner you file, the faster you'll get paid. A delay in filing will mean a delay in collecting.

65 How to File for Unemployment: You may be able to file for unemployment online or over the phone. Review the information you will need to open a claim. Then, visit your state unemployment office to determine the best way to open a claim and to get started collecting unemployment. In general, to file a claim you will need: • Social Security Number • Alien Registration Card if you're not a US citizen • Mailing address including zip code • Phone number • Names, addresses and dates of employment for all your past employers for the last two years Getting Paid: • It generally takes a few weeks after your claim to receive your first unemployment benefit check, direct deposit or debit card. Some states require a one-week waiting period; therefore, the second week claimed is the first week of payment. • Once your claim is approved you should be able to file weekly online, by phone or by mail. When You Quit: Can you collect unemployment if you quit your job? It depends. In most cases, if you voluntarily left employment you are not eligible. However, if you left for "good cause" you may be able to collect. "Good cause" would be determined by the state unemployment office and you will be able to make a case for why you are eligible for benefits. If your claim is denied, you should be entitled to a hearing where you can plead your case. How to File an Unemployment Appeal: If you have filed an unemployment benefits claim and your claim is turned down or contested by your employer, you have the right to appeal the denial of your unemployment claim. Here's how to file an unemployment appeal. State Requirements: Registering with the state job service and actively seeking work is a requirement while collecting unemployment. You must be ready, willing, available, and able to work.

66 The Job Service may require job seekers to apply for jobs, submit resumes, and not turn down a position if it meets certain standards. Your state Job Service Offices are excellent resources to assist with a job search. Many free services are offered including job listings, career counseling, resume and cover letter writing help, and training. Our job listings by state directory has links to state employment services. Take advantage of the help they can give you - it will make your job search easier. Severance Pay: It is a security benefit voluntarily offered by employers to employees who lose their jobs. The employees who lose their jobs receive lump-sum payments based on their years of service and employees level within the organization. The various services offered during severance are as follows: Medical insurance Outplacement assistance Employee assistance programs Life insurance Long-term disability Pension credit Short-term disability Tuition reimbursement b) Retirement Security Benefits: As a result of a 1986 amendment to the age discrimination in employment act (ADEA), most employees cannot be forced to retire at a specified age. As a result employers have to develop different policies to comply with these regulations. The normal retirement is the age at which employees can retire and collect full pension benefits. Employers must decide whether individuals who continue to work past normal retirement age should receive the full benefits package. As possible future changes in social security may increase the age for full benefits past 65, modifications of policies are likely. Early Retirement: In many pension plans provisions for early retirement can be found in order to give workers opportunities to leave their jobs. Some employers use

67 early retirement buyout programs to cut back their workforces and reduce costs. Employers must take care to make these early retirements truly voluntary. Forcing workers to take advantage of an early retirement buyout program led to the passage of a law entitled older workers benefit protection act (OWBPA). Older Workers Benefit Protection Act passed in 1990, requires equal treatment for older workers in early retirement or severance situations. It also sets forth some specific criteria that must be met when older workers are sign waivers promise. c) Social security: This program provides benefits to previously employed individuals. Employees and employers share in the cost of social security through a tax on employees' wages or salaries. Pension plans: These are retirement benefits established and funded by employers and employees. Traditional pension plans, where the employer and employee makes the contribution and the employee gets a defined amount each month upon retirement are no longer the norm in the private sector. A defined-benefit plan is one in which an employee is promised a pension amount based on age and service. It gives the employee greater assurance of benefits and greater predictability in the amount of benefits that will be available for retirement. If the funding in a defined benefit plan is insufficient, the employers may have to make up the shortfall. Therefore, a growing number of employers are dropping the plan and are in favour of defined-contribution plans so that their contribution liabilities are known. Defined-contribution plan is one in which the employer makes an annual payment to an employees' pension account. The key to this plan is the contribution rate; employee retirement benefits depend on fixed contributions and employees earning levels. Employment Retirement Income Security Act (ERISA): The purpose of this law is to regulate private pension plans in order to assure that employees who put money into them or depend on a pension for retirement funds actually receive the money when they retire. ERISA essentially requires many companies to offer retirement plans to all employees if they are offered to any employees. Accrued benefits must be given to employees when they retire or leave. The act also sets minimum funding requirements and plans not meeting these requirements are subject to IRS financial penalties.

68 Also pension plans can be either contributory or non-contributory. In contributory plan, money for pension benefits is paid in both by employee and employer. In a non- contributory plan, the employer provides all funds for pension benefits. Employees and labour unions prefer non contributory plans. Certain rights are attached to employee pension plans. Various laws and provisions have been passed to address the right of employees to receive benefits from their pension plans. They are vesting and probability. Vesting assures employees of a certain pension provided they work a minimum number of years. Another feature of employee pension plan is portability. In a portable plan, it allows employees to move their pension benefits from one employer to another employer. d) Individual Retirement Options: The most prominent options are individual retirement accounts (IRAs), 401(k) and 403(b) plans, and Keogh plans. These plans may be available in addition to company provided pension plans. Individual Retirement Accounts (IRAs): It is a special account in which an employee can set aside funds that will not be taxed until the employee retires. Keogh Plans: A type of individualized pension plan for self-employed individuals. These individuals set aside a percentage of income in pension accounts. 401(k) and 403(b) Plans: Both these plans allow employees to elect to reduce their current pay by a certain percentage, which is then paid into a retirement plan. The 403(b) plan is available to non-profit employers, while 401(k) plans are available to those in the private sector. 401(k) plans have greater prominence. It gets its name from federal tax code. It is an agreement in which a percentage of an employees' pay is withheld and invested in a tax deferred account. It allows employees to choose whether to receive cash or have employer contributions from profit –sharing and stock bonus plans placed into tax- deferred accounts. The advantage to employees is that they can save amount as a ceiling of pretax income toward their retirement. B) Employer Voluntary Benefits: These are benefits which are initiated at the discretion of the employers.

69 a) Healthcare Benefits: Employers provide a variety of health-care and medical benefits, usually through insurance coverage. The most common plans cover medical, dental, prescription drug, and vision care expenses for employees and their dependents. Basic health-care insurance to cover both normal and major medical expenses is also desired and expected by most employees. b) Wellness programs: These programs encourage employees to lead healthy lifestyles. These programs include activities such as smoking cessation classes, diet and nutrition counseling, exercise and physical fitness centers and programs, and health education. Also, many employers educate employees about how to health care costs and how to reduce them through newsletters, formal classes and other approaches. Some employers are offering financial incentives to improve health habits. These programs reward employees who stop smoking, lose weight and participate in the exercise programs among other activities. Healthcare Legislation: Some laws have been enacted to provide protection for employees who leave their employers, either voluntarily or involuntarily. To date, the two important ones are COBRA and HIPAA. COBRA Provisions: Legal requirements in the consolidated omnibus budget reconciliation act (COBRA) require that most employers with 20 or more employees offer extended health- care coverage to the following groups: • Employees who voluntarily quit, except those terminated for gross misconduct • Widowed or divorced spouses and dependent children of former or current employees • Retirees and spouses whose health-care coverage ends Here employers must notify eligible employees and their spouses and qualified dependents within 60 days after the employees quit, die or get divorced. The coverage must be offered for 18 to 36 months depending on the qualifying circumstances. The individual no longer employed by the organization must pay the premiums. HIPAA Provisions: The health insurance probability and accountability act of 1996 allows employees to switch their health insurance plan from one company to another to get new health

70 coverage, regardless of pre-existing health conditions. The legislation also prohibits group insurance plans dropping coverage for a sick employee, and requires them to make individual coverage available to people who leave group plans.

C) Financial and Other Benefits: Employers may offer a wide range of special benefits: financial benefits, insurance benefits (in addition to health-related insurance), educational benefits, social benefits, and recreational benefits. From the point of view of the employer, such benefits can be useful in attracting and retaining employees. Workers like receiving special benefits, which often are not taxed as income.

a) Financial Benefits: It includes a variety of items. A credit union sponsored by the employer provides saving and lending services for employees. Purchase discounts allow a employees to buy goods or services from their employers at reduced rates. Employee thrift, savings and stock investment plans may be made available. Financial planning and counseling are especially valuable services for executives many of whom may need information on investments, tax shelters and comprehensive financial counselling because of their higher levels of compensation.

b) Relocation Benefits: This benefit is offered to employees when they are transferred. In some cases employers also help find a job for the spouse of a transferred employee. Also, use of a company car, company expense accounts and assistance in buying and selling a house when employees are transferred is provided.

c) Insurance Benefits: In addition to health-related insurance, some employers provide other types of insurance.

Life Insurance: Life insurance is bought as a group insurance policy, and the employer pays all or some of the premiums, but the level of coverage is usually low and is tied to employee's base pay. A typical level of coverage is one and a half or two times an employee's annual salary. Some executives get higher coverage as part of executive compensation packages.

Disability Insurance: This type of insurance provides continuing income protection for employees who become disabled and unable to work. There are both short- term and long-term disability insurance.

Legal Insurance: Here, employees pay a flat fee or a set of amount each month. In return, they have the right to use the service of a network of lawyers to handle their legal problems.

71 d) Educational Benefits: Another benefit used by employees comes in the form of education assistance to pay for some or all costs associated with formal education courses and degree programs, including the costs of books and laboratory materials. Unless the education paid for by the employer meets certain conditions, the cost of education aid must be counted as taxable income by employees.

e) Social and Recreational Benefits: Some benefits are recreational in nature, such as bowling, picnics, parties, employer sponsored athletic teams, organizationally owned recreational lodges etc. The idea behind this is to promote employee happiness and team spirit.

e) Family-oriented benefits: The percentage of two-worker families has more than doubled. The growth in dual-career couples, single-parent households and increasing work demands on many workers has increased the emphasis some employers are placing on family oriented benefits. Balancing family and work demands presents a major challenge to many workers at all levels of organizations. To provide assistance, employers have established a variety of family-oriented benefits, and the government passed the family and medical leave act.

i) Family and Medical Leave Act (FMLA): Passed in 1993, it covers all employers with 50 or more employees who live within 75 miles of the workplace and includes state and private employers. Only employees who have worked at least 12 months and 1,250 hours in the previous year are eligible for leaves under FMLA.

FMLA eligibility: The law requires that employers allow eligible employees to take a total of 12 weeks leave during any 12 month period for one or more of the following situations:

- Birth, adoption, or foster care placement of a child
- Caring for a spouse, child, or parent with a serious health condition
- Serious health condition of the employee

A serious health condition is one requiring inpatient, hospital, hospice or residential medical care or continuing physician care. An employer may require the employee to provide a certificate from a doctor verifying such an illness.

72 ii) Adoption benefits: Many employers give maternity and paternity benefits to employees who give birth to children. In comparison to those giving birth, relatively small number of employees adopt children, but in the interest of fairness, a growing number of organizations provide benefits for employees who adopt children. iii) Child care benefits: Balancing work and family responsibilities is a major challenge for many workers. Whether single parent, or dual-career couples, these often experience difficulty in obtaining high-quality, affordable child care. Some organizations provide on-site day care facilities. Also, employers provide referral services to aid parents in locating child care providers, establishing discounts at day care centres, arranging with hospitals to offer sick-child programs and developing after-school programs for older school-age children. iv) Elder care benefits: Employers provide elder care assistance through contracts with firms that arrange for elder care for employees' relatives located in other geographic locations. v) Benefits for Domestic Partners and Spousal Equivalents: The employees who submit for these requests are, unmarried employees who have living arrangements with individuals of the opposite sex, gay, lesbian employees requesting benefits for their partners. In this case, both the employee and the eligible partner are asked to affirm the following: Each is the others' only spousal equivalent They are of the same sex and not blood relatives They are living together and jointly share responsibility for their common welfare and financial obligations. D) Time-Off Benefits: Employers give employees paid time off in a variety of circumstances. Paid lunch breaks and rest periods, holidays, and vacations are common. But leaves are given for number of other purposes as well. Time-off benefits represent an estimated 5% to 13% of total compensation. Typical time-off benefits include holiday pay, vacation pay and leaves of absence.

73 a) Holiday Pay: Employers provide pay for a variety of holidays. As an abuse control measure, employers commonly require employees to work the last scheduled day before a holiday and the first scheduled workday after a holiday to be eligible for holiday pay. Some employers pay time and a half to hourly employees who must work holidays. b) Vacation Pay: A growing number of companies allow employees to buy additional vacation or let them sell unused vacation back to employers. c) Leaves of Absence: Employers grant leaves of absence, taken as time off with or without pay, for a variety of reasons. All of the leaves mentioned here add to employer costs even if unpaid, because the missing employees' work must be covered, either by employees working additionally or by temporary employees working under contract. d) Medical and Sick Leave: Many employers allow employees to miss a limited number of days because of illness without losing pay. Some employers allow employees to accumulate unused sick leave, which may be used in case of catastrophic illnesses. Others pay for unused sick leave. Some organizations have shifted emphasis to reward people who do not use sick leave by giving them well-pay. It is the extra pay for not taking sick leave. e) Paid time-off (PTO) Plans: It is a plan that combines all sick leave, vacation time and holidays into a total number of hours or days that employees can take off with pay. g) Other leaves: Other leaves are given for a variety of purposes. Some such as military leave, election leave and jury leave are required by various state and federal laws. Funeral and bereavement leave is another common leave offered. Leaves of up to three days for immediate family members are usually given, as specified in many employers policy manuals and employee handbooks. The statutory other welfare schemes include the following provisions: 1. Drinking Water: At all the working places safe hygienic drinking water should be provided. 2. Facilities for sitting: In every organization, especially factories, suitable seating arrangements are to be provided. 3. First aid appliances: First aid appliances are to be provided and should be readily assessable so that in case of any minor accident initial medication can be provided to the needed employee.

74 4. Latrines and Urinals: A sufficient number of latrines and urinals are to be provided in the office and factory premises and are also to be maintained in a neat and clean condition. 5. Canteen facilities: Cafeteria or canteens are to be provided by the employer so as to provide hygienic and nutritious food to the employees. 6. Spittoons: In every work place, such as ware houses, store places, in the dock area and office premises spittoons are to be provided in convenient places and same are to be maintained in a hygienic condition. 7. Lighting: Proper and sufficient lights are to be provided for employees so that they can work safely during the night shifts. 8. Washing places: Adequate washing places such as bathrooms, wash basins with tap and tap on the stand pipe are provided in the port area in the vicinity of the work places. 9. Changing rooms: Adequate changing rooms are to be provided for workers to change their cloth in the factory area and office premises. Adequate lockers are also provided to the workers to keep their clothes and belongings. 10. Rest rooms: Adequate numbers of restrooms are provided to the workers with provisions of water supply, wash basins, toilets, bathrooms, etc.

15.5 SUMMARY Statutory is defined as something "fixed, authorized, or established by statute", therefore the benefit packages that Canadian employers offer, are designed to enhance the well-being of their employee base, and will contain both statutory and discretionary benefits. Statutory benefits are some of the benefits also referred to as "employer paid" benefits. 15.6 SELF ASSESSMENT QUESTIONS 1. What are the statutory benefits? 2. Explain ESI benefits to employee of the organisation 3. Discuss the role and procedure of Gratuity act 4. Explain the Provident fund act.

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UNIT –16 : JOB SATISFACTION, REWARDS AND COMMITMENT Structure: 16.0 Objectives 16.1 Introduction 16.2

Employee satisfaction 16.2.1 Dimensions to job satisfaction 16.3 Rewards 16.4 Rewards and job satisfaction 16.5 Job satisfaction and performance 16.6 How can we measure job satisfaction 16.7 Designing a reward program 16.8 Types of reward programme 16.9 Commitment 16.9.1 The benefits of committed workforce 16.9.2 Types of commitment 16.10 Behaviour of people at work 16.11 Performance management 16.12 Summary 16.13

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OBJECTIVES After studying this unit, you should be able to; • Explain the concept of job satisfaction and its

importance • Explain the reward and benefits • Describe the behaviour of people at work • Explain the performance management 16.1 INTRODUCTION Everyone from managers, retention agents to HR need to get a handle on employee loyalty and satisfaction – how committed is the workforce to the organization and if workers are really contented with the way of things for gauging their likelihood to stay with the company. One of the main aspects of Human Resource Management is the measurement of employee satisfaction. Companies have to make sure that employee satisfaction is high among the workers, which is a precondition for increasing productivity, responsiveness, and quality and customer service Kreitner and Kinicki assume that motivation contains "those psychological processes that cause the arousal, direction and persistence of voluntary actions that are goal directed."

Motivation depends on certain intrinsic, as well as, extrinsic factors which in collaboration results in fully committed employees. According to Broad, tangible incentives are effective in increasing performance for task not done before, to encourage "thinking smarter" and to support both quality and quantity to achieve goals. Incentives, rewards and recognitions are the prime factors that impact on employee motivation. As the employees engage in their working activities purposely for own's sake then they will feel intrinsic motivation in their behaviours as their activities will essentially be enjoyable and satisfactory.

16.2 EMPLOYEE SATISFACTION

Employee satisfaction or job satisfaction is, quite simply, how content or satisfied employees are with their jobs. Employee satisfaction is typically measured using an employee satisfaction survey. These surveys address topics such as compensation, workload, perceptions of management, flexibility, teamwork, resources, etc. These things are all important to companies who want to keep their employees happy and reduce turnover, but employee satisfaction is only a part of the overall solution. In fact, for 78 some organizations, satisfied employees are people the organization might be better off without. Employee satisfaction and employee engagement are similar concepts on the surface, and many people use these terms interchangeably. Employee satisfaction covers the basic concerns and needs of employees. It is a good starting point, but it usually stops short of what really matters.

16.1.1 DIMENSIONS TO JOB SATISFACTION

- Job satisfaction is an emotional response to a job situation. As such it cannot be seen, it can only be inferred.
- Job satisfaction is often determined by how well outcome meet or exceed expectations. For instance, if organization participants feel that they are working much harder than others in the department but are receiving fewer rewards they will probably have a negative attitudes towards the work, the boss and or coworkers. On the other hand, if they feel they are being treated very well and are being paid equitably, they are likely to have positive attitudes towards the job.
- Job satisfaction represents several related attitudes which are most important characteristics of a job about which people have effective response.

16.3 REWARDS

In a competitive business climate, more business owners are looking at improvements in quality while reducing costs. Meanwhile, a strong economy has resulted in a tight job market. So while small businesses need to get more from their employees, their employees are looking for more out of them. Employee reward and recognition programs are one method of motivating employees to change work habits and key behaviors to benefit a small business. Although these terms are often used interchangeably, reward and recognition systems should be considered separately. Employee reward systems refer to programs set up by a company to reward performance and motivate employees on individual and/ or group levels. They are normally considered separate from salary but may be monetary in nature or otherwise have a cost to the company. While previously considered the domain of large companies, small businesses have also begun employing them as a tool to lure top employees in a competitive job market as well as to increase employee performance. As noted, although employee recognition programs are often combined with reward programs they retain a different purpose altogether. They are intended to provide

79 a psychological—rewards a financial—benefit. Although many elements of designing and maintaining reward and recognition systems are the same, it is useful to keep this difference in mind, especially for small business owners interested in motivating staffs while keeping costs low.

16.4 REWARDS AND JOB SATISFACTION

The first aspect that comes to mind when we think about causes for job satisfaction is the rewards a person gets while doing their job. Rewards can take a monetary form (money) or be a more intangible reward, like the feeling a person might get when doing a job that helps others (a nurse, for example). We can even think of a reward as the prestige you get for actually doing a job (as with a judge or other politicians). You see, rewards are in the eyes of the beholder and are different for each person, which is why motivating a person with rewards means you must apply the correct reward to the person that is receiving it. For example, rewarding a nurse for a job well done monetarily might not be the best call (beyond paying her her salary, of course!) when a reward like a gift from her patients might be more appreciated. In some cases, rewards can take the shape of opportunity to move up in the company. Someone working hard and wanting to get ahead in an organization might feel rewarded if they are promoted. That promotion (and the recognition that comes with it) is a means of recognizing the work the employee does and makes the employee feel better about their job and the company, thus enriching their overall job satisfaction. One aspect of job satisfaction that is not really reward-related is job security. Let's face it - some people obtain job satisfaction from knowing the company they are in is stable and not going anywhere. There are individuals who feel this is the most important aspect of a job, and having a stable company makes them feel secure, which helps promote job satisfaction.

16.5 JOB SATISFACTION AND PERFORMANCE

The relationship between how satisfied a person is with their job and their actual job performance is open to discussion and debate. You see, it's hard to correlate those two aspects primarily because when people are asked if they get job satisfaction from working at ABC Company, a certain percentage will say yes just because they think if they say no, there could be a negative consequence. After all, if you tell your boss you are not satisfied with your job, what if his reply is 'Then I guess you better leave'? Thus,

80 while we understand there is a correlation between satisfaction and performance, it's hard to definitively nail it down without some sort of survey error being present. One thing is certain: There are two basic views of satisfaction and performance, and they are inverted to one another. One believes that satisfaction leads to performance, while the other believes performance leads to satisfaction. In effect, we are saying if someone is happy with their job they will perform better, but in order to be satisfied, they have to perform in their job to get that satisfaction. It is somewhat of a revolving door, and again, it is hard to distinguish between whether satisfaction drives performance or if performance drives satisfaction. Regardless of your viewpoint, it does not take a lot of thought to realize that if someone has a high level of job satisfaction, they will probably have a high level of performance. On the other hand, if someone is not satisfied with their job, they probably will not have the same high level of performance. To make this even a little more complicated, we also have to understand that a person can, in their eyes, have a great deal of job satisfaction but not be doing the job to the level the organization wants. The employee is happy with his or her job and gets satisfaction from doing it, but that does not mean their performance is what the organization wants.

16.6 HOW CAN WE MEASURE JOB SATISFACTION?

There are a number of ways to measure job satisfaction. Each relies on the fact that the organization wants the employee to be open and honest about their level of satisfaction. As we talked about earlier, this is sometimes easier said than done, and it can be a challenge getting employees to talk openly about their jobs. Still, there are several ways to get job satisfaction and to gather that information.

16.7 DESIGNING A REWARD PROGRAM

The keys to developing a reward program are as follows:

- Identification of company or group goals that the reward program will support
- Identification of the desired employee performance or behaviors that will reinforce the company's goals
- Determination of key measurements of the performance or behavior, based on the individual or group's previous achievements

81 • Determination of appropriate rewards • Communication of program to employees. 16.8 TYPES OF REWARD PROGRAMME There are a number of different types of reward programs aimed at both individual and team performance.

a) Variable Pay: Variable pay or pay-for-performance is a compensation program in which a portion of a person's pay is considered "at risk." Variable pay can be tied to the performance of the company, the results of a business unit, an individual's accomplishments, or any combination of these. It can take many forms, including bonus programs, stock options, and one-time awards for significant accomplishments. Some companies choose to pay their employees less than competitors but attempt to motivate and reward employees using a variable pay program instead. Good incentive pay packages provide an optimal challenge, one that stretches employees but remains in reach. If too much is required to reach the goal, the program will be ignored. b) Bonuses: Bonus programs have been used in American business for some time. They usually reward individual accomplishment and are frequently used in sales organizations to encourage salespersons to generate additional business or higher profits. They can also be used, however, to recognize group accomplishments. Indeed, increasing numbers of businesses have switched from individual bonus programs to one which rewards contributions to corporate performance at group, departmental, or company-wide levels. According to some experts, small businesses interested in long-term benefits should probably consider another type of reward. Bonuses are generally short-term motivators. By rewarding an employee's performance for the previous year, they encourage a short-term perspective rather than future-oriented accomplishments. In addition, these programs need to be carefully structured to ensure they are rewarding accomplishments above and beyond an individual or group's basic functions. Otherwise, they run the risk of being perceived of as entitlements or regular merit pay, rather than a reward for outstanding work. Proponents, however, contend that bonuses are a perfectly legitimate means of rewarding outstanding performance, and they argue that such compensation can actually be a powerful tool to encourage future top-level efforts.

82 c) Profit Sharing: Profit sharing refers to the strategy of creating a pool of monies to be disbursed to employees by taking a stated percentage of a company's profits. The amount given to an employee is usually equal to a percentage of the employee's salary and is disbursed after a business closes its books for the year. The benefits can be provided either in actual cash. A benefit for a company offering this type of reward is that it can keep fixed costs low. The idea behind profit sharing is to reward employees for their contributions to a company's achieved profit goal. It encourages employees to stay, because it is usually structured to reward employees who stay with the company; most profit sharing programs require an employee to be vested in the program over a number of years before receiving any money. Unless well managed, profit sharing may not properly motivate individuals if all receive the share anyway. A team spirit (everyone pulling together to achieve that profit) can counter this—especially if it arises from the employees and is not just management propaganda. d) Stock Options: Stock options have become an increasingly popular method in recent years of rewarding middle management and other employees in both mature companies and start-ups. Employee stock-option programs give employees the right to buy a specified number of a company's shares at a fixed price for a specified period of time (usually around ten years). They are generally authorized by a company's board of directors and approved by its shareholders. The number of options a company can award to employees is usually equal to a certain percentage of the company's shares outstanding. Like profit sharing plans, stock options usually reward employees for sticking around, serving as a long-term motivator. Once an employee has been with a company for a certain period of time, he or she is fully vested in the program. If the employee leaves the company prior to being fully vested, those options are canceled. After an employee becomes fully vested in the program, he or she can purchase from the company an allotted number of shares at the strike price (or the fixed price originally agreed to). This purchase is known as "exercising" stock options. After purchasing the stock, the employee can either retain it or sell it on the open market with the difference in strike price and market price being the employee's gain in the value of the shares.

83 Offering additional stock in this manner presents risks for both the company and the employee. If the option's strike price is higher than the market price of the stock, the employee's option is worthless. When an employee exercises an option, the company is required to issue a new share of stock that can be publicly traded. The company's market capitalization grows by the market price of the share, rather than the strike price that the employee purchases the stock for. The possibility of reduction of company earnings (impacting both the company and shareholders) arises when the company has a greater number of shares outstanding. To keep ahead of this possibility, earnings must increase at a rate equal to the rate at which outstanding shares increase. Otherwise, the company must repurchase shares on the open market to reduce the number of outstanding shares.

Group-based reward systems: As more small businesses use team structures to reach their goals, many entrepreneurs look for ways to reward cooperation between departments and individuals. Bonuses, profit sharing, and stock options can all be used to reward team and group accomplishments. An entrepreneur can choose to reward individual or group contributions or a combination of the two. Group-based reward systems are based on a measurement of team performance, with individual rewards received on the basis of this performance. While these systems encourage individual efforts toward common business goals, they also tend to reward under-performing employees along with average and above-average employees. A reward program which recognizes individual achievements in addition to team performance can provide extra incentive for employees.

16.9 COMMITMENT Organizational commitment may be viewed as an organizational member's psychological attachment to the organization. Organizational commitment plays a very large role in determining whether a member will stay with the organization and zealously work towards organizational goals.

20.9.1 THE BENEFITS OF COMMITTED WORKFORCE The performance benefits accrued from increased employee commitment have been widely demonstrated in the literature. To list but a few, these include:

- increased job satisfaction
- increased job performance
- 84 • increased total return to shareholders
- increased sales
- decreased employee turnover
- decreased intention to leave
- decreased intention to search for alternative employers
- decreased absenteeism

With this in mind, employee commitment should be viewed as a business necessity. Organisations who have difficulty in retaining and replacing competent employees will find it hard to optimize performance. There are not only the immediate expenses of the recruitment process, but other hidden costs such as management time and lost productivity as new employees take time to become effective in their roles.

16.9.2 TYPES OF COMMITMENT

Affiliative Commitment: An organisation's interests and values are compatible with those of the employee, and the employee feels accepted by the social environment of the organisation.

Associative Commitment: Organisational membership increases employees' self-esteem and status. The employee feels privileged to be associated with the organisation.

Moral Commitment: Employees perceive the organisation to be on their side and the organisation evokes a sense of mutual obligation in which both the organisation and the employee feel a sense of responsibility to each other. This type of commitment is also frequently referred to in the literature as Normative Commitment.

Affective commitment: Employees derive satisfaction from their work and their colleagues, and their work environment is supportive of that satisfaction. Some researchers (eg Allen & Meyer, 1991) suggest that this is the most important form of commitment as it has the most potential benefits for organisations. Employees who have high affective commitment are those who will go beyond the call of duty for the good of the organisation. In recent literature this form of commitment has also been referred to as 'engagement' and is the form of commitment that is most usually measured by organisations.

85 Structural commitment: Employees believe they are involved in a fair economic exchange in which they benefit from the relationship in material ways. There are enticements to enter and remain in the organisation and there are barriers to leaving. This type of commitment is also frequently referred to in the literature as Continuance Commitment. 16.10

BEHAVIOUR OF PEOPLE AT WORK Employees are one of the key elements of the organisation. Their behaviour is influenced by many factors like work environment, responsibilities, compensation, authority etc. It should be noted that the behaviour of employees differs depending on whether their needs are satisfied or not. Hence organisation should ensure their needs are prioritized and satisfied. American Psychologist Abraham Maslow's hierarchy of needs theory can help us to satisfy the needs of the employees and expect the desired behaviour. The theory explains about meeting physiological needs, safety needs, social needs, esteem needs and self-actualization. Physiological needs include things such as food, water, shelter and clothing, all of which can be satisfied with a reliable income. Provide comprehensive benefits packages to your employees to satisfy their safety needs. Safety needs include physical health, job security and protection for private property. Create a welcoming company culture based on mutual respect to satisfy employees' needs for belonging. Belonging needs include needs for friendship, social integration, family and romantic relationships. Reward high performers publicly and provide employees with personally rewarding challenges to satisfy their esteem needs. Esteem needs include respect from others, a sense of achievement and confidence in one's abilities. Institute comprehensive employee development programs and provide ample opportunity for career growth in the company to satisfy employees' self-actualization needs. Self-actualization is the highest order of needs in Maslow's hierarchy. Self-actualization has to do with discovering one's identity, which includes developing a career that fully leverages one's strengths and experience while providing a sense of accomplishment and inner fulfilment.

86 16.11 PERFORMANCE MANAGEMENT Organisations base their compensation system on performance management system. The HR department determines and allocates appropriate employee pay adjustments after annual performance review. There are so many factors to consider, budget, performance rating, current compensation, peer compensation, current market, survey data etc. Alignment between compensation and performance is a characteristic frequently found in high performing organizations. Employee buy-in and support of the company is bolstered by a well considered, fair and documented compensation plan that rewards based upon performance level and position within an established pay grade salary band. There are two basic types of pay schemes, although many organisations have systems which include elements of both: • Fixed levels of pay. Wages or salaries which do not vary from one period to the next except by defined pay increases, generally on annual basis. There may be scales of payments determined by age, responsibility or seniority. Most 'white-collar' jobs were paid in this way until recently. • Reward linked to performance. The link may be daily, weekly, monthly or annualised. Payment for any one period varies from that for any other period, depending on quantity or quality of work. Sales functions are commonly paid on the basis of turnover; manual and production workers may be paid according to work completed or items produced. Catering staff typically rely on direct payment from satisfied customers in the form of service charges or tips (gratuities). 16.12 SUMMARY In recent years a great deal of attention has been directed to the development of compensation systems that go beyond just money. In particular there has been a marked increase in the use of pay-for-performance (PrP) for management and professional employees, especially for executive management and senior managers. Compensation is a primary motivation for most employees. People look for jobs that not only suit their creativity and talents, but compensate them both in terms of salary and other benefits accordingly. Adequate rewards and compensations help in attracting a quality workforce, maintaining the satisfaction of existing employees, keeping quality employees from leaving and motivating them for higher productivity.

87 16.13 SELF ASSESSMENT QUESTIONS 1. What is job satisfaction? 2. What do you mean by reward? 3. Explain job satisfaction, reward and job satisfaction 4. What is reward system? Design a reward program with suitable example 5. What is commitment and explain its types of commitment 6. Explain the Behaviour of people at work. 16.14 REFERENCES 1. Ansari M.A. Managing people at work, New Delhi: Sage publications, 1990 2. K. Ashwappa. Human Resource Management- Text and Cases, Bengaluru: TMH.2010. 3. Stephen P Robbins. Training in interpersonal skills – tips for managing people at work, Noida UP: PH. 2012. 4. Rosemary Thomson. People Management, Hyderabad: University Press (India) Ltd., India.1990. 5.

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UNIT-17 : EMPLOYEE GRIEVANCES AND DISCIPLINE STRUCTURE 17.0 Objectives 17.1 Introduction 17.2 Meaning and Definitions of Grievance 17.3 Features of Grievances 17.4 Causes of Grievances 17.5 Effects of Grievances 17.6 Identifying Grievances 17.7 Grievance Handling Procedure 17.8 Benefits of Having Grievance Handling Procedure 17.9 Stages in Grievance Process 17.10 Steps in Grievance Handling Procedure 17.11 Pre-requisites of a Grievance Handling Procedure 17.12 Introduction to Discipline 17.13 Principles of Natural Justice 17.14 Meaning and Definitions of Discipline 17.15 Need for Disciplinary Policy 17.16 Major Aspects of Discipline 17.17 Disciplines as Self-Control 17.18 Objectives of Discipline 17.19 Meaning of Indiscipline 17.20 Factors leading to Indiscipline 17.21 Forms of Indiscipline 6 17.22 Objectives of Disciplinary Action 17.23 Disciplinary Procedure 17.24 Stages of Disciplinary Action 17.25 Summary 17.26 Key Words 17.27

Self Assessment

Questions 17.28 References

7 17.0

OBJECTIVES

After reading this unit, you will be able to; •

Understand

meaning,

definitions,

nature and sources of

employee grievances, and their effects • Emphasize the significance of the need for a machinery • Explain the approaches to grievance handling and possible outcomes • Define the concept of discipline • Identify the various dimensions of discipline • Analyze the factors leading to indiscipline • Identify the judicial process of dealing with indiscipline, and the various kinds of punishment. 17.1 INTRODUCTION There is hardly a company which functions

absolutely smoothly at all times. In some, the employees have complaints against their employers, while in others it is the employers who have a grievance against their employees.

These grievances may be real or imaginary, valid or invalid, genuine

or false. Broadly speaking, a complaint affecting one or more workers constitutes a grievance. The complaint may relate to

the

quantum of wages, the mode of payment, payment for overtime work, leave, interpretation of service agreement, working conditions, promotions, seniority, transfers, work assignments, dismissal or discharge, or a complaint against a superior or against quality of canteen. 17.2 MEANING AND DEFINITIONS OF

GRIEVANCE It is rather difficult to define a grievance. Experts, however, have attempted to distinguish between dissatisfaction, complaint and grievance. Generally speaking, dissatisfaction is any state or feeling of discontent, whether it is innate and unexpressed or explicitly expressed. A dissatisfaction which is orally made known by one employee to another is

known as a complaint. A complaint becomes a grievance when this dissatisfaction, which is mostly related to work, is brought to the notice of the management.

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Dale Yoder defines it

as "a written complaint filed by an employee and claiming unfair treatment".

Keith Davis defines it as "

any real or imagined feeling of

personal injustice which an employee has concerning his employment relationship". 17.3

FEATURES OF GRIEVANCES If we analyze the various definitions of grievance, some noticeable features emerge very clearly:

- a.
A grievance refers to any form of discontent or dissatisfaction with any aspect of the organization.
- b.
The dissatisfaction must arise out of employment and not due to personal or family problems.
- c. The discontent can arise out of real or imaginary reasons. When the employee feels that injustice has been done to him, he has a grievance. The reasons for such a feeling may be valid or invalid, legitimate or irrational, justifiable or ridiculous.
- d. The discontent may be voiced or unvoiced. But it must find expression in some form. However, discontent per se is not a grievance. Initially, the employee may complain orally or in writing. If this not looked into promptly, the employee feels a sense of lack of justice. Now the discontent grows and takes the shape of a grievance.
- e. Broadly speaking, thus, a grievance is traceable to perceived non-fulfillment of one's expectations from the organization. 17.4

CAUSES OF GRIEVANCES

From the practical point of view, it is probably easier to list those items that don't precipitate grievances than to list the ones that do. Employees may use just about any factor involving wages, hours, or conditions of employment as the basis of a grievance. However, certain grievances are more serious, since they are usually more difficult to settle. Discipline cases and seniority problems including promotions, transfers, and lay-offs would top this list. Others would include grievances growing out of job evaluations and work assignments, overtime, vacations, incentive plans, and holidays. In a study undertaken by S. Chandra, the following causes have been identified for employee grievances: ? Promotions ? Amenities ? Continuity of service ? Compensation ? Disciplinary action ? Fines ? Increments ? Leave ? Medical benefits ? Nature of the job ? Payment of wages ? Promotions ? Recovery of dues ? Safety measures ? Superannuation ? Supersession ? Transfer ? Victimization ? Conditions of work 17.5 EFFECTS OF GRIEVANCES

Grievances,

if they are not identified and redressed, may affect adversely the workers, managers and the organization. The effects are:
On production
include:

- a.
Low quality of production.
- b. Low quality of production and productivity.
- c. Increase in the wastage of material, spoilage/leakage of machinery.
- d. Increase in the cost of production per unit.
- On the employees:
- e. Increases the rate of absenteeism and turnover.
- f. Reduces the level of commitment, sincerity and punctuality.
- g. Increases the incidence of accidents.
- h. Reduces the level of employee morale.
- 10 On the managers:
- i. Strains the superior-subordinate relations.
- j. Increases the degree of supervision, control and follow up.
- k. Increases in discipline cases.
- l. Increase in unrest and thereby machinery to maintain industrial peace. 17.6 IDENTIFYING

GRIEVANCES Grievances can be uncovered in a number of ways. Gossip and grapevine offer vital clues about employee grievances. Ripe boxes, open door policies periodic interviews, exit surveys could also be undertaken to uncover the mystery surrounding grievances. These methods are discussed below:

- a)
Observation: A manager / supervisor can usually track the behaviours of people working under him. If a particular employee is not getting along with people, spoiling materials due to carelessness or recklessness, showing indifference to commands, reporting late for work or is remaining absent - the signals are fairly obvious. Since the supervisor is close to the scene of action, he can always find out such unusual behaviours and report promptly.
- b)
Grievance procedure: A systematic grievance procedure is best means to highlight employee dissatisfaction at various levels. Management, to this end, must encourage employees to use it whenever they have anything to say. In the absence of such a procedure grievances pile up and burst up in violent forms at a future date. By that time things might have taken an ugly shape altogether, impairing cordial relations between labour and management. If management fails to induce employees to express their grievances, unions will take over and emerge as powerful bargaining representatives.
- c) Gripe boxes:

A
gripe box may be kept at prominent locations in the factory for lodging anonymous complaints pertaining to any aspect relating to work. Since the complaint need not reveal his identity, he can express his feelings of injustice or discontent frankly and without any fear of victimisation.
d) Open door policy: This is a kind of walk-in-meeting with the manager when the employee can express his feelings openly about any work-related grievance. The manager can cross-check the details of the complaint through various means at his disposal.

11

e)
Exit interview: Employees usually leave their current jobs due to dissatisfaction or better prospects outside. If the manager tries sincerely through an exit interview, he might be able to find out the real reasons why 'X' is leaving the organisation. To elicit valuable information, the manager must encourage the employee to give a correct picture so as to rectify the mistakes promptly.

If the employee is not providing fearless answers, he may given a questionnaire to fill up and post the same after getting all his dues cleared from the organisation where he is currently employed.

f)
Opinion surveys: Surveys may be conducted periodically to elicit the opinions of employees about the organisation and its policies. 17.7
GRIEVANCES HANDLING PROCEDURE Jackson lays down the objectives of a grievance handling procedure as follows: a. To enable the employee to air his/her grievance. b. To clarify the nature of the grievance. c. To investigate the reasons for dissatisfaction. d. To obtain, where possible, a speedy resolution to the problem.

e.
To take appropriate actions and ensure that promises are kept. f. To inform the employee of his or her right to take the grievance to the next stage of the procedure, in the event of an unsuccessful resolution. 17.8

BENEFITS OF HAVING GRIEVANCES HANDLING PROCEDURE

According to Jackson, further benefits that will accrue to both the employer and employees are as follows:

- a.
It encourages employees to raise concerns without fear of reprisal.
- b.
It provides a fair and speedy means of dealing with complaints.
- c. It prevents minor disagreements developing into more serious disputes.
- d.
It saves employers time and money as solutions are found for workplace problems. It helps to build an organisational climate based on openness and trust.

12 17.9

STAGES IN GRIEVANCES PROCESS The step ladder procedure of grievance handling is a widely used technique. The stages are as follows: i. The aggrieved employee approaches the immediate supervisor either in person or through a written application in a standard form within a week's time, i.e. from the period when he feels certain action of the management has resulted in a sense of grievance in him. The immediate supervisor (in accordance with the delegated authority and type of grievance) discusses the grievance with the employee and gives his decision. A time limit of two weeks can be given for this stage. ii. If the employee is not satisfied with decision in the first stage, he may approach the departmental head with a written application in a standard form, for reconsideration of his case. The employee may be allowed to personally represent the case along with the co-worker. The departmental head should give his decision in 15 days time. iii. The appeals at this stage would be handled by a joint committee consisting of an equal number of representatives of the union and management. A secretariat is provided to process the cases at this stage. This committee should also have a time-limit for appeals as well as for disposal of the grievances referred to it. This committee shall give the recommendation by consensus and agreement. Unanimous recommendations of the committee shall be accepted by the management who must issue orders accordingly. The union and management may also reverse the right not to accept the recommendations. Otherwise, it should be deemed to have been accepted by both. iv. At this stage the joint committee shall consist of top management and union representatives. Cases spilling over from the above stage as well as those brought up by either side will be considered and decisions taken for implementation. If disagreements still prevail, both the sides may refer it for arbitration. With sincerity of purpose and an intention to resolve disagreements across the table a formalized procedure as above is bound to result in achievement of industrial harmony.

17.10 STEPS IN GRIEVANCES HANDLING PROCEDURE

At any stage of the grievance machinery, the dispute must be handled by some members of the management. In grievance redressal, responsibility lies largely with the management. And, as already discussed, grievances should be settled promptly at the first stage itself.

The following steps will provide a measure of guidance to the manager dealing with grievances. **Acknowledge Dissatisfaction:** Managerial/supervisory attitude to grievances is important. They should focus attention on grievances, not turn away from them. Ignorance is not bliss, it is the bane of industrial conflict. **Condescending attitude** on the part of supervisors and managers would aggravate the problem. **Define the Problem:** Instead of trying to deal with a vague feeling of discontent, the problem should be defined properly. Sometime the wrong complaint is given. **By effective listening,** one can make sure that a true complaint is voiced. **Get the Facts:** Facts should be separated from fiction. Though grievances result in hurt feelings, the effort should be to get the facts behind the feelings. There is need for a proper record of each grievance. **Analyze and Decide:** Decisions on each of the grievances

will have a precedent effect. While no time should be lost in dealing with them, it is no excuse to be slipshod

about it. Grievance settlements provide opportunities for managements to correct themselves, and thereby come closer to the employees. **Horse-trading** in grievance redressal due to union pressures may temporarily bring union leadership closer to the management, but it will surely alienate the workforce away from the management. **Follow up:** Decisions taken must be followed up earnestly. They should be promptly communicated to the employee concerned. If a decision is favourable to the employee, his immediate boss should have the privilege of communicating the same.

Some of the common pitfalls that managements commit in grievance handling relate to (a) stopping the search for facts too soon; (b) expressing a management opinion before gathering full facts; (c) failing to maintain proper records; (d) arbitrary exercise of executive discretion; and (e) settling wrong grievances.

17.11 PRE-REQUISITES OF A GRIEVANCES HANDLING PROCEDURE Every organisation should have a systematic grievance procedure in order to redress the grievances effectively. As explained above, unattended grievances may culminate in the form of violent conflicts later on. The grievance procedure, to be sound and effective should possess certain pre-requisites:

a) **Conformity with prevailing Legislation:** Due consideration must be given to the prevailing legislation while designing the grievance handling procedure.

14 b) Clarity: Every aspect of the grievance handling procedure should be clear and unambiguous. All employees should know whom to approach first when they have a grievance, whether the complaint should be written or oral, the maximum time in which the redressal is assured, etc. The redressing official should also know the limits within which he can take the required action. c) Simplicity: The grievance handling procedure should be simple and short.

Every employee must understand different stages of the procedure, the forms to be filled up, the witnesses required etc.

if there are too many stages in the procedure, too many forms to be filled up, too much going around etc., the very purpose of the procedure is defeated. Instead of resorting to the formal procedure, an employee may ignore it.

d) Promptness: The

grievance of the employee should be promptly handled and necessary action must be taken immediately. This is good for both the employee and management, because if the wrong doer is punished late, it may affect the morale of other employees as well. e) Training: The supervisors and the union representatives should be properly trained in all aspects of grievance handling before hand or else it will complicate the problem. f) Follow up: The Personnel Department should keep track of the effectiveness and the functioning of grievance handling procedure and make necessary changes to improve it from time to time.

Activity A Study the grievance handling procedure and practice in an organisation known to you and present a brief report.

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15 17.12 INTRODUCTION TO DISCIPLINE Rules and regulations are essential to maintain peace, prevent anarchy, and regulate behavior of people and to hold the pieces together. Moreover, most of the employees prefer to work under disciplined environment as fair rules protect the individuals and the organization and enable team work. Further, disciplinary measures ensure just and equal treatment to all employees, efficient two-way communication, encourages cooperation and builds team pride. 17.13 PRINCIPLES OF NATURAL JUSTICE In a series of decisions, the Supreme Court made certain observations in dealing with delinquent employees. These are known as Rules of National Justice and require that; a. The employee proceeded against must be informed clearly of

the charges leveled against him. b. The witness must be examined orderly in the presence of the charge sheeted employee, in respect of

the charges. c. The employee must be given fair opportunity to cross-examine the witness. d. The enquiry officer has to record his findings along with the reasons for the same in his report. 17.14 MEANING AND DEFINITIONS OF DISCIPLINE Discipline is the

regulation and modulation of human activities to produce a controlled performance. The real purpose of discipline is quite simple. It

is to encourage employees to conform to established standards of job performance and to behave sensibly and safely at work.

Discipline is essential to all organized group action. Webster's Dictionary gives three basic meanings to the word discipline, the first being that of training that corrects, moulds, strengthens, or perfects. The second meaning is control gained by enforcing obedience and the third is punishment. By combining the first and second definitions you can say that discipline involves the conditioning or moulding of behaviour by applying rewards or you can say that discipline involves the conditioning or moulding of behaviour by applying rewards or penalties. The third meaning is narrower in that it pertains only to the act of punishing wrongdoers. Besides these broad definitions, there are others referring to organisational life in particular, for example:

16 According to Dessler "Discipline is

a procedure that corrects or punishes a subordinate because a rule of

procedure has been violated". According to Rue & Byars "Discipline should be viewed as a condition within an organisation whereby Employees know what is expected of them in terms of the organisation's rules, Standards and policies and what the consequences are of infractions". 17.15 NEED FOR A DISCIPLINARY POLICY To obviate the problem of indiscipline, every organization should have a well defined disciplinary policy. A well defined disciplinary policy avoids management inconsistencies and promotes a climate of mutual respect, fair play and clear standards throughout the organization. While framing a disciplinary policy, following principles should be adhered to: a. A searching examination for the cause of indiscipline should always be made. b. Disciplinary rules should be framed after due consultation with the workers for their representatives. c. If any particular rule is infringed frequently, it should be investigated. d. Rules should be considered as means and not as ends. Thus, rules should not be rigid. e. Periodically rules should be checked up to understand whether changes are necessary in the light of the experience. f. Rules should be enforced without any bias. g. Rules should be strictly complied by the management people to set an example before others to emulate. 17.16 MAJOR ASPECTS OF DISCIPLINE There are two aspects of discipline as given below a. Negative Discipline: Negative discipline involves force or an outward influence. It is the traditional aspect of discipline and is identified with ensuring that subordinates adhere strictly to rules, and punishment is meted out in the event of disobedience or indiscipline. As you can see, in this perspective strict penalties are levied for the violation of rules. It is, in fact, the fear of punishment that works as a deterrent in the mind of the subordinate. Approaching discipline from this kind of a perspective has been proving increasingly ineffective for various reasons.

17 b. Positive Discipline: In this type of discipline subordinates comply with the rules not from fear of punishment, but from the desire to cooperate in achieving the common goal of the organization. In positive discipline willingness to comply is most important. The emphasis here is on cooperative efforts to secure compliance to organizational norms. It promotes emotional satisfaction instead of emotional conflict, and the increased cooperation and coordination reduces the need for formal authority. This approach to discipline will help you to achieve both individual needs of the subordinates and organisational goals for you. It would therefore motivate your subordinates to work with zeal and fulfill their needs. Positive discipline, in other words, calls for internalisation by your subordinates of the objectives and expected norms of behaviour in your organisation. The positive concept of discipline assumes a certain degree of self-discipline. 17.17 DISCIPLINE AS SELF-CONTROL Discipline at one level means training that corrects, moulds, strengthens, or perfects the behaviour. Discipline, in this sense, refers to the development of an individual, i.e., one's efforts at self-control for the purpose of adjusting oneself to certain needs and demands. This is nothing but what you would call self-discipline. You will agree with us that it is extremely important to have this kind of self-discipline both in you and in your subordinates for effectively and efficiently achieving your organisational objectives. Here again the emphasis is on establishing and ensuring a minimum degree of orderliness. This orderliness is obtained in the modern work context by increasing the degree and extent of compliance by subordinates. Let us examine it a little more closely. 17.18 OBJECTIVES OF DISCIPLINE The following are the main

objectives of ensuring discipline in organizations. a.

To obtain a willing acceptance of the rules, regulations and procedures of an organization so that organizational goals may be attained.

b.

To impart an element of certainty despite several differences in informal behavior patterns and other related changes in an organization.

c.

To develop among the employees a spirit of tolerance and desire to make adjustments. d. To give and seek direction and responsibility. e.

To create an atmosphere of respect for the human personality and human relations, and

18 f. To increase the working efficiency and morale of the employees so that their productivity is stepped up and the cost of production

improved. 17.19 MEANING OF INDISCIPLINE Indiscipline refers to the absence of discipline. Indiscipline, therefore, means nonconformity to formal and informal rules and regulations. We cannot afford indiscipline as it will affect the morale, involvement and motivation of subordinates in the organisation. Indiscipline often leads to chaos, confusion, and reduces the efficiency of the organisation. It often leads to strikes, go-slows, and absenteeism, resulting in loss of production, profits and wages. 17.20 FACTORS LEADING TO INDISCIPLINE Various socio-economic and cultural factors play a role in creating indiscipline in an organisation. We wonder if you realise the fact that often indiscipline may arise because of poor management on your part. Insensitive and thoughtless words and deeds from a manager are potent reasons for subordinates to resort to acts of indiscipline. Defective communication by the superiors and ineffective leadership devoid of tactful human relations approach can cause indiscipline among subordinates. Indiscipline by your subordinate may be an outcome of your non-response to his grievance. Your subordinates may indulge in acts of indiscipline because of unfair practices on your part, like the wage differentials, unreasonable declaration of payment of bonus or non-payment, wrong work assignments, defective grievance handling, etc. The payment of low wages is perhaps another reason for indiscipline. When the worker is paid low wages and in addition you demand more and more work from him, he becomes dissatisfied, dishonest and insubordinate. Poverty, frustration and indebtedness, generally overshadow his mind which makes him agitated and undisciplined. His mind and thought are more towards destruction than constructive discipline. Low payment of wages also creates lack of motivation in your subordinates. After all, each individual needs response, security, recognition and new experience. A workman joins your organisation and agrees to give a certain amount of work and loyalty, while he expects at the same time, in return, an adequate economic reward, security, fair human treatment and other kinds of support from you. If he does not get what he expected, he starts getting dissatisfied. He gradually begins to express his grievance by way of absenting himself, coming late to the office, inefficiency and insubordination. 19 Defective communication between you and your subordinate also leads to conflict of various kinds. Very often your subordinates get no opportunity to express their feelings and sentiments. Unless you adopt a humane and understanding approach there is more likelihood that your subordinate may take recourse to indiscipline. 17.21 FORMS OF INDISCIPLINE Absenteeism, insubordination, violation of plant rules, gambling, incompetence, damage to machine and property, strikes, dishonesty and other forms of disloyalty lead to industrial indiscipline. These are all forms of misconduct against the management. 17.22 OBJECTIVES OF DISCIPLINARY ACTION The purpose of discipline according to Dessler is to encourage employees to behave sensibly at work, where being sensible is defined as adhering to rule and regulations. In an organisation, according to Bittel & Newstrom, rules and regulations serve about the same purpose that laws do in society; discipline is called for when one of these rules or regulations is violated. Following are some of the purposes and objectives of disciplinary action: • To enforce rules and regulations. • To punish the offender. • To serve as an example to others to strictly follow rules. • To ensure the smooth running of the organisation. • To increase working efficiency. • To maintain industrial peace. 17.23 DISCIPLINARY PROCEDURE To start with, based on any misconduct committed by the employee or complaint, a preliminary enquiry is called for. Then disciplinary authority has to initiate action. The following authorities are laid by the organisation for various levels of employees: a. Disciplinary authority; b. Appellate authority; and c. Reviewing authority.

20 Based on judicial pronouncement, elaborate procedure have been evolved which has to be followed to avoid infirmities in the disciplinary action. Various stages involved are briefly indicated as under: a. Preliminary enquiry, b. Framing and serving of charge sheet, c. Holding of domestic enquiry, d. Report of the enquiry officer, e. Consideration of the report of the enquiry officer by disciplinary authority, f. Order of punishment and its communication, and g. Appeal.

17.24 STAGES OF DISCIPLINARY ACTION Stage 1: Issue of the Charge-Sheet Delinquent employee is to be issued a charge-sheet call him to submit his explanation within a specified period of time. This charge-sheet should be drafted in a clear and unambiguous language so that the workman does not have any difficulty in understanding the charges that he has to answer. Wherever possible, the relevant clause of the company's standing orders should be mentioned in a charge-sheet. If the charge relates to an incident, the date, time and place of the occurrence should be mentioned. Proper care should be taken in framing the charge-sheet, for the validity of the punishment would depend on the enquiry of the misconduct mentioned in the charge-sheet. The charge-sheet should be in the local language. The charge-sheet framed against delinquent employee and duly signed by the disciplinary authority should be served on him personally if possible and acknowledgement to the effect should be obtained from him. In case the workman is absent, or if he refuses to accept the charge-sheet when presented to him, the same should be sent to his local and home addresses by post under- registered cover with acknowledgements due, after getting his refusal attested by two witnesses. In case the charge-sheet is returned unserved with the remarks of the postal authorities, the same should be kept intact without opening. In such a case, the employer should display the charge-sheet on the notice board or act in accordance with the provisions of the standing orders. In some cases, it may be necessary to public the contents of the charge-sheet in a local newspaper having wide publicity.

21 Stage 2: Suspension Pending Enquiry In a case where the charges leveled against a workman are of serious nature and it is considered by the disciplinary authority that his physical presence might endanger the safety of other workmen, or if it is apprehended that he might intimidate others or tamper with the evidence, he may be suspended. During the period of suspension pending enquiry, the workman will get subsistence allowance as per rules. Stage 3: Consideration of the Explanation After a charge-sheet has been served on a workman for reply he may submit his explanation: a. Admitting the charges and requesting for mercy, or b. Denying the charges and requesting for an enquiry, or c. Not submitting any explanation at all, or d. Requesting for more time to submit explanation. In a case where the workman admits the charge which is of a minor nature and begs for mercy, no enquiry is held and decision is taken accordingly on the charge- sheet. If, however the misconduct is serious enough to warrant discharge or dismissal, the management should still arrange to hold a proper enquiry, the admission of the charges notwithstanding. In a case where the workman submits an explanation mentioning that the charges leveled against him are false, baseless, motivated, concocted, etc. A proper enquiry as per procedure should be held before awarding any punishment. When the workman fails to submit any explanation within the specified time limit, the management should take steps to hold a proper enquiry. When the workman concerned makes a bonafide request on reasonable grounds for extension of time to submit explanation, the same should be granted. Stage 4: Notice for Holding the Enquiry After consideration of the explanation of the charge-sheeted workman or when no reply is received within the specified time limit, the disciplinary authority should issue an order appointing an enquiry officer or an enquiry committee to hold the enquiry of the charge-sheet. The enquiry officer can be an official of the company, or even an outsider, but care should be taken to appoint only such a person as enquiry officer who is neither a witness nor is personally interested in any way in the matter for which the charge-sheet has been issued. It should also contain the name of the management

22 representative. Thereafter, the enquiry officer should issue a notice of enquiry. This notice of enquiry should clearly mention the date, time and place of enquiry. It should ask the workman to present himself with his witnesses/documentary evidence, if any, for the enquiry. It should also be mentioned in the notice of enquiry that if the workman fails to attend the enquiry on the appointed date and time, the same will be held ex-parte. A reasonable period of time should be given to the workman for preparing his defence before the enquiry is held.

Stage 5: Holding of the Enquiry The object of holding an enquiry is to find out whether the workman is guilty of the charges framed against him in the charge-sheet, or not. In doing so, the enquiry officer gives the workman a reasonable opportunity to defend himself by cross-examining the witnesses/documentary evidence/exhibits produced against him and by examining the witnesses/documentary evidence in his defence. The workman concerned can also make statement in his defence apart from what is stated in reply to the charge-sheet. It should be clearly understood that it is for the management's representative, i.e., evidence officer to prove the charges against a workman by adducing evidence during the enquiry and it is not the workman who has to prove his innocence. Unless management side has been able to prove the case against the workman, he should not be considered guilty.

Stage 6: The Enquiry On the appointed date and time, fixed for the enquiry, the following persons should be present apart from the enquiry officer.

a) Presenting Officer: He is the person who will lead the case from the management's side by producing witnesses and relevant documentary evidence in support of the charge. He may himself be a witness, in which case he is the first person to be examined. The presenting officer has a right to cross-examine a charge-sheeted workman as well as the witness/documentary evidence produced by him.

b) Delinquent Employee: No enquiry can be said to have been held as per procedure in the absence of the charge-sheeted employee. However if he refuses to take part in the enquiry after presenting himself, or when he does not report for the enquiry despite receiving the notice to him, the enquiry may proceed ex-parte, provided in the notice of the enquiry a specific mention to that effect had been made. Also, if during the enquiry, the delinquent employee withdraws himself, the same to be held ex-parte. In such a case, it is not advisable to postpone the enquiry and give another opportunity to the delinquent employee rather than holding ex-parte enquiry. In a case, where the

23 delinquent employee turns up for the enquiry after some witnesses have been examined, it would be proper for the enquiry officer to allow him to participate in the enquiry after recording this fact in the proceedings. The enquiry officer should recall the witnesses who have already been examined in the absence of the delinquent employee so that he gets an opportunity to cross-examine such witnesses.

c) Representative of the Delinquent Employee: If the delinquent employee writes to the charge-sheet or makes a subsequent request that he should be allowed to take a knowledgeable co-worker of his choice to assist him in the enquiry, the same should normally be allowed. In some companies, union committee member of the recognised trade union is allowed to attend an enquiry on the specific request of the workman, to either assist him or play the role of an observer as per procedure.

d) The Procedure of Enquiry: At the commencement of the enquiry, if the delinquent employee is present, the enquiry officer should record the date; time and place of enquiry, names of the persons present and obtain their signatures on the order-sheet. Thereafter, he should proceed as follows: I Read out and explain the charges and the reply of the charge-sheet to the delinquent employee and get his confirmation to that effect. In case the delinquent employee has not accepted the charge in reply to the charge-sheet, he should be asked if he pleads guilty of the charges. If the charges are admitted, that should be recorded and signatures of all concerned, with date, should be taken. A full-fledged enquiry need not be held if the misconduct is of a minor nature. In case the charge, if proved, is serious enough to warrant discharge or dismissal, the proper course is to hold the enquiry.

e) Ex-parte Enquiry: If, on the day fixed for the enquiry, the delinquent employee does not turn up, an ex-parte enquiry may be held by following the usual procedure. In such an enquiry, the presenting officer has to lead the evidence against the charge-sheeted workman. The enquiry officer, by putting questions to the witnesses, get facers to come to reasonable conclusion about the validity or otherwise of the charges. As stated earlier, it is advisable to fix another date of enquiry, instead of holding an ex-parte enquiry on the first sitting itself.

Stage 7: Final Decision of the Disciplinary Authority The enquiry report is submitted to the Disciplinary Authority. Before he takes a decision on the findings of the enquiry officer, he is required to furnish a copy of the enquiry officer's report to the concerned employee. If he agrees with the findings of the enquiry officer, after considering the gravity of the misconduct and the past record of

24 the delinquent employee equitable treatment with precedents of action taken, etc., he may pass an order on the quantum of punishment after recording his reasons for the same in writing. An order in writing is passed to that effect and is communicated to the delinquent employee. In case the disciplinary authority decides to punish the employee for his misconduct, the following are the punishments, which he can impose, depending upon the severity of the misconduct

Stage 8: Appeal An employee can appeal against an order imposing upon him any of the penalties. The appellate authority may confirm, enhance, reduce or set-aside the penalty.

Activity B Meet and discuss with HR manager of an organisation of your choice about stages of disciplinary action adopted in that organisation and prepare a report on the same.

17.25SUMMARY Discipline means orderly and systematic behavior, which is an important pre- requisite for organisational harmony. Absence of discipline or indiscipline behavior may stand against achievement of organizational objectives. Every organization, to enforce discipline, lays down certain procedures and norms, which employees are required to comply with. Approaches to discipline differ from organization to organization. But most of them prefer to adopt a legalistic approach. Disciplinary proceedings follow certain well-defined steps. Problem of discipline can be avoided by adopting a well defined Grievance Handling System or else it can culminate to a collective problem of discipline in an organization. Principles of natural justice should receive attention while handling

25 grievances or a problem of discipline in an organization. Handling discipline problems in an organization requires specialized knowledge and skill.

17.26KEY WORDS 1. Grievance: A complaint or resentment, as against an unjust or unfair act. 2. Grievance handling procedure: An institutionalised mechanism for peaceful grievance redressal. 3. Discipline: Controlled pattern of behavior resulting from regulation and modulation. 4. Positive discipline: A model that focuses on positive points of behavior to reinforce the good behavior while weaning the bad behavior without hurting people. 5. Negative discipline: A contrary model to the positive discipline behaviour which involves angry, destructive and violent responses to inappropriate behavior. 6. Disciplinary action: A process for handling with job- related behavior that does not meet expected and communicated behavior standards. 7. Indiscipline: Non- compliance with expected behavioural pattern, rules and regulations.

17.2 SELF ASSIGNMENT QUESTIONS a. Briefly outline the features of a grievance procedure and the steps involved in it. b. Describe briefly the stages of disciplinary action procedure. c. Describe the role of the immediate supervisor in processing grievances. d. Discuss the causes and effects of grievances. e. Explain the difference between the positive and negative concepts of discipline. f. Explain the meaning and concept of discipline with examples. g. Identify the different forms of indiscipline and examine the factors leading to indiscipline. h. Why should organisations have a formal grievance procedure?

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UNIT -18 : STATUTORY ASPECTS OF HEALTH, WELFARE AND SAFETY STRUCTURE 18.00 Objectives 18.01 Introduction

18.02 Meaning and Definitions of

Industrial Health 18.03 Objectives of Industrial Health 18.04 Importance of Industrial Health 18.05 Occupational Health Hazards and Risks 18.06 Occupational diseases 18.07 Statutory provisions 18.08 Employee safety 18.09 Meaning of Accident 18.10 Nature and causes of Accidents 18.11 Accidents Costs 18.12 Statutory provisions for safety in India 18.13 Labour Welfare 18.14 Labour Welfare Measures 18.15 Need and Importance of Labour Welfare 18.16 Importance of Labour Welfare Work in India 18.17 Types of Welfare Measures 18.18 Labour Welfare Agencies 18.19 Welfare Facilities by Government (Statutory) 18.20 Labour Welfare Officer 18.21 Summary 18.22 Key words 18.23 Self Assignment Questions 18.24 References

28 18.0

OBJECTIVES After reading this unit, you will be able to; •

Define industrial

health, safety and labour welfare. • To understand purpose and the importance of industrial health. • Explain the concept occupational risks and hazards. • Discuss the dangers of occupational diseases. • Analyse the nature and causes of industrial accidents. • Understand labour welfare measure taken by various welfare agencies. • Know different acts concerned with employee health, safety and welfare. • Describe the statutory provision of various acts relating to employee safety, health and welfare. • Emphasis need and importance of labour welfare. 18.1 INTRODUCTION The

Employers, Unions, Employees, and government agencies have a great and growing interest in health and safety issues related the work place. With the number of work-related injuries, illnesses, and deaths, it is no surprise. Therefore, in this unit we will understand the issues relating health, safety, and workers welfare. 18.2 MEANING AND DEFINITIONS OF

INDUSTRIAL HEALTH The term health is a positive and dynamic concept and implies more than an absence of illness. Industrial health refers to a system of public health and preventive medicine which is applicable to industrial concerns.

According to the joint ILO / WHO 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) factors adverse to health; and (iv)

placing and maintenance of the worker in an occupational environment adapted to his physical and psychological equipment.

29 18.3 OBJECTIVES OF INDUSTRIAL HEALTH The basic objective of industrial health

is the prevention of disease and injury rather that the cure of disease. It involves a programme of health conservation and prevention of occupational disease. Veil observes that the aim of industrial hygiene is a. "the promotion and maintenance of the highest degree of the physical, mental and social well-being of workers; b. the prevention of factors which make for ill health in their working conditions; c. their protection in their occupations from risks arising from factors which are adverse to the maintenance of

health; d. the placing and maintenance of the worker in an occupational environment which is

adapted to his physiological and psychological equipment; and, e. to summarize, the adaption of work to man and each man on his job". 18.4 IMPORTANCE OF INDUSTRIAL HEALTH

Since a large number of workers spend a great deal of their time in an industrial setting, their environment is nor usually conducive to a healthy life. Moreover, malnutrition, insanitary and psychological conditions, and the strains and stresses under which they live impair their health. On the one hand, efficiency in work is possible only when an employee is healthy; on the other, the industry in which he is employed exposes him to certain hazards which he would not meet elsewhere, and which may affect his health. It is with the intention of reducing these hazards and improving the worker's health that the discipline of industrial health came into being as a branch of public health in its own right. The symptoms of bad health are a high rate of absenteeism and turnover, industrial discontent and indiscipline, poor performance and low productivity. That is the reason why, when industrial health programmes are introduced, both employees and employers benefit. A reduction in the rate of labour turnover, absenteeism, accidents and occupational diseases has been the natural consequence of industrial health programmes. The other benefits, which cannot be easily measured, include reduced spoilage, improved morale, increased productivity per employee and longer working period of an individual.

30 18.5 OCCUPATIONAL HEALTH HAZARDS AND RISKS Most work place health hazards aren't obvious ones like unguarded equipment or slippery floors. Many are unseen hazards (like mold) that the company inadvertently produces as part of its production processes. Other problems like drug abuse, the employees may create themselves. In either case, these health hazards are often as much or more dangerous to workers health and safety than of obvious hazards like slippery floors. Employees in an industrial establishment are often subject to certain health hazards and occupational diseases. According to Roland Blake, the normal occupational health hazards may be classified into: a. Chemical, b. Biological, c. Environmental, and d. Psychological hazards

Chemical substances, such as carbon monoxide, carbon dioxide, nitrogen oxide, sulphur dioxide, hydro-carbons, sulphuric acid, acetic acid, fumeric acid, tannic acid, limes and alkalies

cause injury when they are absorbed by the skin, or when they are ingested or inhaled. The results are often disastrous. Workers

may suffer from respiratory diseases, skin diseases, allergy, heart disease, cancer and neurological disorders, all of which often shorten life expectancy. Among the biological hazards are included diseases which are caused by bacteria, fungi, viruses, insects, dietary deficiencies, excessive consumption of alcohol, imbalances, allergies, brain fever, tetanus, emotional stress and strains with their psychological concomitants of fear, rage, worry and anxiety. All these affect the health of employees. Among the environmental hazards may be included radiation, noise, vibrations, shocks, and improper atmospheric conditions. 18.6

OCCUPATIONAL DISEASES Occupational diseases are the results of physical conditions and the presence of industrial poisonous and non-poisonous dust in the atmosphere.

Raw material, products, by products and waste products may, in the process of being extracted or manufactured enter the body in such quantities as to endanger the health of the workers. For example, workers on lead (as cable makers, lead pipe makers, painters, etc.) are subject to "painter's

31 colic" or "wrist drop" disease which may result in loss of appetite, nausea, vomiting, stomach pains, muscular and joint pains, and it might even cause death. Similarly, the barometer and thermometer makers, refiners of gold and silver and electric meter repairers are normally affected by mercury poisoning, through long and continued inhalation of mercury vapour. Manganese miners, ferro-manganese workers and dry cell battery makers are often affected by inhalation and absorption of manganese dust or fumes. Workers in potteries, ceramics, metal grinding, stone mines, road building, construction work, are affected by respiratory diseases, leading to spitting of blood and a painful death due to silicosis.

18.7 STATUTORY PROVISIONS Under the Factories Act, 1948 The Schedule attached to Sections 89 and 90 of the Factories Act, 1948, specially mentions the following occupational diseases: ? Lead poisoning, including poisoning resulting from any compound of lead or its sequalae. ? Lead tetra-ethyl poisoning. ? Phosphorous poisoning. ?

Manganese poisoning or its sequalae. ? Mercury poisoning. ? Arsenic Poisoning. ? Poisoning from nitrous fumes. ? Carbon bisulphide poisoning. ? Benzene poisoning. ? Chrome ulceration. ? Anthrax. ? Silicosis. ? Poisoning from halogens. ? Pathological manifestations due to Radium and X-rays.

32 ? Primary cancer of the skin. ? Toxic jaundice due to poisonous substances. ? Dermatitis due to mineral oil. ?

Bysionosis. ? Asbestosis. ? Toxic anemia. ? Occupational or contact dermatitis caused by direct contact with chemical and paints. ? Loss of hearing induced by noise. Under the Workmen's Compensation Act, 1923 In addition to the above, the following diseases have been included under the Workmen's Compensation Act, 1923: • Occupational cataract by infra-

red radiation. • Telegraphist's cramp. • Begassoise. The Factories Act, 1948, insists that the following preventive measures must be adopted in industrial establishments: ? Cleanliness: Every factory should be kept clean and free from effluvia from drain and privy refuse, and from dirt. It should be white-washed at least once in 14 months or painted at least once in 5 years. Floors should be swept and cleaned, at least once in every week, with some disinfecting fluid. ? Disposal of Waste and Effluents: Effective arrangements should be made for their disposal and / or treatment. ? Ventilation and Temperature:

Provision should be made for the circulation of fresh air, and temperature should be maintained by building wall and roofs of such materials as would keep it within reasonable limits. High temperature may be controlled by white-washing, spraying and insulating the factory premises and by screening outside walls, roofs and windows. ? Dust and Films:

Effective measures should be taken to prevent, or at any rate reduce, the inhalation and accumulation of dust and fumes. Exhaust appliances should be used near the point of the origin

of dust and fumes.

33 ? Lighting: Sufficient and suitable lighting, natural or artificial or both, should be made available

in the factory premises. ? Overcrowding: No room should be overcrowded. There should be at least 500 cu. ft. of space for every worker. ? Drinking water: A sufficient quantity of cool drinking water should be made available for the employees throughout the year, particularly during the hot summer months. ? Privy: Adequate latrines and urinals should be separately provided for men and women employees. ? First aid appliances: There should be an adequate number of boxes containing first aid materials, qualified personnel to administer first aid, and an ambulance or at least a room where an injured employee may give first aid. 18.8 EMPLOYEE SAFETY The life of industrial workers is full of risks and hazards. Every year lakhs of employees are injured in factories, mines, railways, ports and docks, leading to acute ailments or permanent handicaps. The injuries may be caused as a result of any unsafe activity, or act on their part or as a result of some unsafe work conditions or unsafe acts of employees themselves, or defective plant or shop layout, inadequate ventilation, unsafe and insufficient lighting arrangements, or insufficient space for movement inside the plant or shop, etc. An industrial accident may be defined as "an occurrence which interrupts or interferes with the orderly progress of work in an industrial establishment". According to the Factories Act, 1948, it is "an occurrence in an industrial establishment causing bodily injury to a person who makes him unfit to resume his duties in the next 48 hours".

An industrial injury has been defined as "a personal injury to an employee which has been caused by an accident or an occupational disease, and which arises out of, or in the course of, employment, and which would entitle such employee to compensation under the Workmen's Compensation Act, 1923.

34 18.9 MEANING OF ACCIDENT

An Industrial accident may be defined as "an occurrence which interrupts or interferes with the orderly progress of work in an industrial establishment" The Factories Act, 1948 defines accident as, "

an occurrence in an industrial establishment causing bodily injury to a person who makes him unfit to resume his duties in the next 48 hours."

As per this Act, every occurrence which may injure a worker is not an accident. The injury inflicted on a worker should be serious which makes him unfit for work at least for two days. Any casual injury is not covered under accident'. An Industrial injury may also be defined as "a personal injury to an employee which has been caused by an accident or an occupational disease and which would entitle such employee to compensation under the Workmen's Compensation Act, 1923. According to Hennrich' "accident is an unplanned and uncontrolled event in which the action of an object, substance, person or radiation results in personal injury or the probability thereof." 18.10 NATURE AND CAUSES OF ACCIDENTS The nature of an accident may vary from industry to industry. An employee may fall from a height while engaged on a particular assignment; or he may be caught in a machine while working on it; or he may fall against a machine; or parts of a machine having a horizontal protruding motion may strike against him; or explosives used carelessly may explode, and injure an employee. Such accidents may result in disablement (temporary or permanent) or death.

Accidents are usually the result of a combination of factors, each one of which may vary from situation to situation. This combination may be of unsafe acts and equipments, of people, factors and conditions. It has been rightly said that an accident does not have a single cause but a multiplicity of causes, which are often closely related. Accidents in industries are a result of a combination of factors: a. Situational Factors (Unsafe conditions) b. Individual Factors (Unsafe Acts) c. Other causes

35 a. Situational Factors The unsafe conditions or work related causes are also termed as Technical causes of accidents. These causes are associated with defective plant, equipment, tool, materials etc. The defective equipment, inadequate safety devices, wrong and faulty layout, improper lighting, glare or insufficient light, improper ventilation, improperly guarded equipment, unsafe storage, congestion, over loading and poor housekeeping. In addition to the technical causes, there are some other work related causes of accidents, as explained below: - The job itself: some jobs are inherently more dangerous and complicated than others, such as the job of crane man in comparison to that of a supervisor. - Work schedules: work schedule also affects the occurrence of accidents. Accidents usually do not occur in the early hours of the work day, but occur late in the day. - Psychological Climate of the work place: Psychological climate of the work place also affects the accident rate. According to psychologists, the root causes of accidents are psychological, mental and emotional imbalances. All these factors affect the alertness of the employee, distract him, make him lose his concentration on the job in hand and lead to accidents. b. Individual Factors These acts may be the result of inexperience, deficiency of knowledge, inadequate training etc. Casual behavior of the worker, lack of interest and indifferent attitude towards work, wrong placement of workers, failure to obey safety measures, accident prone attitude of workers, lack of experience, fear of foreman or supervisor, using intoxicants while working, longer hours of continuous work, operating without authority, working at unsafe speeds, either too fast or too slow, making safety devices inoperative by removing, adjusting, disconnecting them, using unsafe equipment or using equipments unsafely, using unsafe procedures in loading, placing, mixing, combining, taking unsafe positions under suspended loads, lifting improperly, etc. are some of the important individual reasons for accidents. c. Other Causes Accidents may also be caused by factors not directly related to conditions and acts. Such factors may include: i. Young and less trained workers are more accident prone than old and experienced persons.

36 ii. Unmarried persons are more prone to accidents than married persons. iii. Persons working under any kind of stress have more accidents than those who do not. iv. Women employees have better safety records than their male counterpart. v. Accidents are more frequent during the night shift. At this point of time, it must be realized that accidents, in most cases, are caused by the above mentioned causes. But, in certain cases, it may become extremely difficult to pinpoint these factors, and in such cases they may be described as a GOD's or a DEVIL's act. 18.11 ACCIDENTS COSTS Accidents cause lot of botheration to the workers involved, employer and to the government. There are both direct and indirect costs involved the latter being immeasurable. Accident costs are as follows: a. Direct Costs: - Wages of employees during the period of absence. - The amount of compensation to be paid on account of death, permanent injury, temporary etc. - The cost of medical aid provided by the employer to the injured employee. - The cost of recruiting and training a person as a replacement of the injured worker. - Loss due to wastage of materials, loss of production and quality arising out of inexperience and lack of skill of the new employee. b. Indirect Costs: - There is a stoppage of work after accident because other employees come to the help of the injured person. - The cost of time lost by a foreman or a supervisor while assisting injured employee, investigating the cause and helping government agencies making enquiries about accident. - The cost of machines and equipment that might have been damaged in the accident. - The loss of production due to lower productivity of employees because of low morale on account of accident.

37 - An increase in overhead costs per unit because of lower productivity. - The cost incurred by the government in maintaining checking staff for implementing safety measures. 18.12 STATUTORY PROVISIONS FOR SAFETY IN INDIA The Factories Act, 1948, contains specific provisions for the safety of workers. These are referred to in Sections 21 to 40. They are: a. Fencing of Machinery: It is obligatory on the part of the management to fence machinery with guards of a substantial construction, which shall be maintained and kept in position when any part of the machinery is in motion. b. Work on or near machinery in motion:

Any examination, adjustment or lubrication of any part of an operating machine shall be effected or carried out by a specifically trained make workers wearing tight-fitting clothing. This worker, however, shall not handle a belt on a moving pulley. No woman or adolescent is allowed to clean, lubricate or adjust any part of a machine which is in motion if it is likely to expose her or him to the risk of injury from any moving part. c. Striking gear or device for cutting off power: In every factory, a suitable striking gear or other efficient mechanical appliance shall be provided and maintained. Driving belts, when not in use, shall not be allowed to rest or ride on a shaft in motion. Suitable devices for cutting off power in an emergency shall be provided and maintained in every work room. d. Self-acting machines: No transverse part of self-acting machine and no material carried thereon shall be allowed to run on its outward or inward transverse within a distance of 45 centimeters from any fixed structure which is not

a part of the machine. e.

Prohibition of employment of women and children near cotton-openers:

No women or child shall be employed in any part of a factory to press cotton when a cotton-opener is at work. But if the feed-end of a cotton opener is in a room which is separated from the delivery-end by a partition extending to the roof or to such as the factory inspector may specify in writing, women and children (more than 14 year of age) may be employed in that part of the room in which the feed-end is situated. f.

Hoists and lifts: In every factory, hoists and lifts shall be of good mechanical construction and of sound material; and they shall be sufficiently strong and properly

38 maintained. Every hoist-way and lift-way shall be adequately protected by a proper enclosure fitted with gates. The maximum safe working load shall be clearly indicated on every hoist or lift. A heavier load shall not be allowed to be

carried on that hoist or lift. g. Revolving machinery: In every room in which grinding jobs are carried on, a notice

indicating the maximum working speed of the machine shall be fixed near it. h. Pressure plant: In any operation which is carried on at a pressure which is higher than the atmosphere pressure, effective measures should be taken to ensure that the safe working pressure is not exceeded.

i.

Excessive weights: No person shall be employed in any factory to lift, carry or move any load

which is so heavy as to cause him a possible injury. j. Safety of building and machinery: When a building or machinery poses a danger to worker, it shall not be used till it has been suitably repaired or altered. Activity A Visit a textile industry prepare a report on the employee safety measures adopted in that particular industry.

18.13 LABOUR

WELFARE Employee welfare defined as 'efforts to make life worth living for workmen'.

Welfare includes anything that is done for the comfort and improvement of employees and is provided over and above the wages.

It suggest the wellbeing, happiness, prosperity and development of human resource by adopting means to promote physical, social, psychological and general well being of the employees.

39 18.14 LABOUR WELFARE MEASURES Labour welfare measures help the organisation to retain the employees for a longer period of time. And it increases the employee morale and loyalty towards the organisation. Following are the objectives of labour welfare; a. Providing better life and health to the workers. b. To have happy and satisfied workforce. c. To relieve the employees from industrial fatigue. d. Improving the intellectual, social, cultural and material living conditions. Labor welfare measures include

various facilities, services and amenities provided to workers for improving their health, efficiency, economic betterment and social status. Welfare measures are in addition to regular wages and other economic benefits available to workers due to legal provisions and collective bargaining. Labor welfare schemes are flexible and ever-changing. New welfare measures are added to the existing ones from time to time. 18.15

NEED AND IMPORTANCE OF LABOUR WELFARE

- It is necessary for industrial system.
- Labour welfare measure in an organisation plays a key role in economic development.
- It increases the employee belongingness towards the organisation.
- It encourages healthy and cordial relationships with employees.

18.16 **IMPORTANCE OF LABOUR WELFARE WORK IN INDIA**

Labour welfare work got importance because of the following reasons. The welfare activities influence the sentiments of the workers. When a worker feels that the employers and the state are interested in their happiness, his tendency to grouse and grumble will steadily disappear. The development of such feeling paves the way for industrial peace. ? The provision of various welfare measures makes the worker realize that they also have some stake in the undertaking in which they are engaged and so think thrice before taking any reckless action which might prejudice the interest of undertaking

40 ? The welfare measures like cheap food in canteens, free medical and educational facilities etc. Indirectly increase industrial dispute the real income of the workers. Hence they try to avoid industrial dispute, as far as possible and do not go on strikes on flimsy grounds. ? Welfare activities will go a long way to better the mental and moral health of workers by reducing the incidence of vices of industrialization. ? Welfare activities will reduce labour turnover and absenteeism and create permanent settled labour force by making service attractive to the labour. ? Welfare measures will improve the physique, intelligence, morality and standard of living of the workers which in turn will improve their efficiency and productivity. 18.17 **TYPES OF WELFARE MEASURES**

Welfare measures or activities taken by an organisation are broadly classified into two heads. Following section gives a list of welfare measures separated into two categories.

1. Welfare measure inside the organisation:
 - Working environment conditions.
 - Conveniences such as urinals, bathrooms, drinking water, canteen facility.
 - Women and child welfare facilities like rest rooms, crèche, child care, women recreation.
 - Workers recreation.
 - Economic services such as financial grants, saving schemes, etc.
 - Labour management participation.
 - Education to workers like adult education, skill based training, etc.
2. Welfare measure outside the organisation:
 - Housing facility for bachelors and family residence.
 - Water, sanitation and waste disposal.
 - Roads, parks, playgrounds.
 - School and nursery to employees' children.
 - Markets, credit societies.
 - Bank and ATM facility.

41 • Transportation facility. • Communication like postal services, internet, telephone, ect. • Health care and medical facility. • Security. Activity B Select any 2 firms from public and 2 firms from private sector. Talk to their HR managers and ascertain the welfare facilities they respectively provide in their companies.

..... 18.18 LABOUR WELFARE AGENCIES Generally, welfare activities are provided by employers, Government, non- governmental agencies (NGO) and trade unions also. Welfare provisions provided by NGO are voluntary in nature and welfare provision by trade unions are based on mutual principle and welfare measure by government is statutory in nature. 18.19 WELFARE FACILITIES BY GOVERNMENT (STATUTORY) The conservative labour welfare policy changed during the Second World War, when the government took several steps to boost the workers' morale and increase their productivity. The labour welfare schemes initiated then and continued. Moreover, with a view to making it mandatory for employers, to provide certain welfare facilities for their employees the Government of India has enacts certain laws for the provision of labour welfare in order to enforce the minimum standards of health, and safety of the workers. Employers have to observe the rules relating to working conditions, hours of works, hygiene, safety, light, ventilation, sanitation etc.

42 Factories Act, 1948 The Factories Act, 1948 has provided for certain health and welfare measures for workers working in factories in India contained in section 42- 48. Health facilities provided in factories for workers include provision for cleanliness of the factory premises, disposal of wastes and effluents, ventilation and temperature, dust and fumes, artificial humidification, overcrowding, lighting, drinking water, latrines and urinals and spittoons. Welfare facilities for workers include adequate washing facilities, facilities for storing and drying clothing, sitting facility, first-aid, and canteen facility; and facilities for shelters, rest rooms, lunch rooms and crèches. Welfare amenities provided to workers outside the factory premises include medical and retirement benefits, housing and educational facilities, recreational facilities, holiday homes and leave travel facilities and transportation facility to and from the work place. The Mines Act, 1952 This act has provisions related to health, safety and welfare workers in coal, metal and oil mines. The directorate General of Mines Safety conducts inspections and inquiries, issues competency tests for the purpose of appointment to various posts in mines and organises seminars on employee safety. Courts of enquiry are set up by the central government to investigate accidents that result in the death of 10 or more miners. Both penal and pecuniary punishments are prescribed for the contravention of obligation and duties under the act. The main obligations of the mine owners regarding health and welfare of their workers are as follows: • Maintenance of Crèches where 50 women workers are employed • Provision of shelters for taking food and rest if 150 or more persons are employed. • Provisions of a canteen in mines employing 250 or more workers. • Maintenance of first – aid boxes, first – aid rooms in mines employing more than 150 workers • Provision in coal mines of: 1. pit head baths equipped with shower baths sanitary latrines; and 3. lockers separately for men and women workers. • Appointment of a welfare officer in mines employing more than 500 or more workers to look after the matters relating to the welfare of the workers

43 The Plantation Labour Act, 1951 The following welfare measures are to be provided to the plantation workers: • Canteens in plantations employing 150 or more workers (S.11) • Crèches in plantations employing 150 or more women workers (S.12) • Recreational facilities for the workers and their children (S.13) • Educational facilities in the estate for the children of workers, where there are 25 workers' children between the age of 6 and 12 (S.14). • Housing facilities for every worker and his / her family residing in the plantation. The standard and specification of the accommodation, procedures for allotment and rent chargeable from workers, are to be prescribed in the rules, by the state Governments (S.15 and 16) • The State Government may makes rules requiring every plantation employer to provide the workers with such number and type of umbrellas, blankets, raincoats or other like amenities for the protection of workers from rain or cold as may be prescribed (S.17) • Appointment of a welfare officer in plantations employing 300 or more workers (S. 18) • The exact standards of these facilities have been prescribed under the Rules framed by the state Government. The Motors Transport Workers Act, 1961 The Motor Transport Undertakings are required to provide certain welfare and health measured given as follows: • Canteens of prescribed standard, if employing 100 or more workers (S.8) • Clean, ventilated, well-lighted and comfortable restrooms at every place wherein motor transport workers are required to halt at night (S.9) • Uniforms, raincoats to drives, conductors and line checking staff for protection against rain and cold; A prescribed amount of washing, allowances is to be given to the above mentioned categories of staff (S.10) • Medical facilities are to be provided to the motor transport workers at the • operating centers and at the stations as may be prescribed by the state Government (S.11)

44 • First Aid facilities equipped with the prescribed contents are to be provided in every transport vehicle (S. 12) The Merchant Shipping Act 1958 Provisions in the act relating to health and welfare cover: • Crew accommodation • Supply of sufficient drinking water • Supply of medicines, medical stores, and provision of surgical and medical advice • Maintenance of proper weights and measures on board, and grant of relief to distress seamen abroad a ship. • Every foreign going ship carrying more than the prescribed number of persons, including the crew, is required to have on board, as part of her complement, a qualified medical officer. • Appointment of Seamen's Welfare Officer at such ports in or outside India as the Government may consider necessary. • Establishment of Hostels, Clubs, Canteens, and Libraries. • Provision of medical treatment and hospital • Provision of educational facilities The Governments have been authorized to frame rules, inter alia, for the levy of fees. Payable by owners of ships at prescribed rates for the purpose of providing amenities to seamen and for taking other measures for their welfare. Some of the other acts are; • The Dock workers (Safety, health and Welfare) Act, 1986: • The Bidi and Cigar Workers Act, 1966 • Contract Labour Act, 1970 • Industrial Disputes Act, 1947 „ • Employees Provident fund Act : 1952 • Workmen's Compensation Act : 1924 • Payment of Gratuity Act : 1972 • Bonus Act : 1965

45 18.20 LABOUR WELFARE OFFICER

The Royal Commission on Labour recommended the appointment of labour officers in order to protect the workers from the evils of jobbery and indebtedness, to act generally as a spokesperson of labour and to promote amicable settlement between the workers and management. Following are the duties of labour welfare officers according to the Committee on Labour Welfare (1969). 1. The labour welfare officer will be a supervisor of • Safety, health and welfare programmes • Working of joint committees • Grant of leave with wages • Redressal of workers grievances 2. Counselling workers in • Personal and family problems • Adjustment to their work environment • Understanding their rights and privileges 3. Advising management on matters of • Formation of labour and welfare policies • Apprenticeship training programmes • Meeting statutory obligations of workers • Developing fringe benefits and • Workers education and use of communication media 4. Establishing liaison with workers so that they may • Understand the limitations under which they work • Appreciate the importance of humorous industrial relations in the plant • Interpret company policies correctly and come to settlement in case disputes 5. Establishing liaison with management so that they may appreciate workers view point on various subjects.

46 6. Working with management and workers to improve productivity. 7. Working with outside public to secure proper enforcement of various laws. 18.21 SUMMARY Industrial health refers to a system of public health and preventive medicine which is applicable to industrial concerns. The basic objective of industrial health is the prevention of disease and injury rather than the cure of disease. The symptoms of bad health are a high rate of absenteeism and turnover, industrial discontent and indiscipline, poor performance and low productivity. Employees in an industrial establishment are often subject to certain health hazards and occupational diseases which include Chemical, Biological, Environmental, and Psychological hazards. The statutory provisions also include about occupational diseases which is mentioned in Factories Act, 1948 and Workmen's Compensation Act, 1923. Employees face injuries as a result of industrial accidents. Such accidents include costs for workers, employers and even government. The accident costs include direct and indirect costs. The Factories Act, 1948 contains specific provisions for the safety of workers. Employee welfare defined as 'efforts to make life worth living for workmen'. Labour welfare measures help the organisation to retain the employees for a longer period of time. Labour welfare measures include various facilities, services and amenities provided to workers for improving their health, efficiency, economic betterment and social status.

Labour welfare is necessary for industrial system for economic development, which brings healthy relationship between employees and organization. The labour welfare measures include measures taken inside the organization and measures taken outside the organization. The NGO'S, trade union and government are labour welfare agencies undertaking various welfare measures. The Government of India has enacted certain laws for the provision of labour welfare in order to enforce the minimum standards of health, and safety of

the workers. The labour welfare officer is appointed as per the recommendation by royal commission on labour whose duties include, supervising, counseling, advising the management, establishing liaison with workers. 18.22 KEY WORDS 1. Labour health: Condition of optimal well-being of workers in an organisation. 2. Labour safety: Condition of freedom from danger, risk or injury to the employees at the working place.

47 3. Labour welfare: Health, happiness and well-being of workers in working place. 4. Occupational hazard: A working condition that leads to illness or death. 5. Occupational disease: A disease resulting from a person's occupation or work. 6. Industrial accident: An accident occurring during the course of employment. 7. Labour welfare measures: Facilities provided by organizations to their workers for their well-being. 8. Statutory provisions: Provisions prescribed through the enactments of acts or statute. 9. Labour welfare agencies: Agencies that work for labour welfare including private and non-governmental. 18.23 SELF ASSIGNMENT QUESTIONS a. Explain in brief the importance of industrial health. b. What is health hazard and what are the causes for occupational disease? c. Explain how to reduce the occurrence of unsafe acts on the part of employees? d. Give a brief description of nature and causes of industrial accidents. e. Explain the safety provisions contained in the Factories Act, 1948. f. Describe briefly the need and importance of labour welfare. g. Explain various kinds of facilities which are usually provided by the employers for the welfare of the employees. h. Discuss the statutory provisions on labour welfare. i. Briefly explain the qualification and duties of labour welfare officers.

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UNIT-19 : CAREER AND SUCCESSION PLANNING STRUCTURE 19.0 Objectives 19.1 Introduction 19.2 Objectives of Career Planning 19.3 Career Anchors 19.4 Organization centered career planning 19.5 Individual centered Career Planning 19.6 Career Planning Process 19.7 Innovative Corporate Career Development Initiatives 19.8 Succession Planning 19.9 The succession planning process 19.10 Summary 19.11 Key Words 19.13

Self Assignment

Questions 19.14 References

50 19.0

OBJECTIVES

After reading this unit, you will be able to; • Explain the concept of

career

planning and the process of career planning. • Understand

different career development programs. • Define succession planning • Analyze the reasons for succession planning. •

Differentiate between career planning and succession planning. 19.1 INTRODUCTION Career is viewed as

a sequence of position occupied by a person during the course of his lifetime.

Career may also be viewed as amalgam

of changes in value, attitude and motivation that occur, as a person grows older.

The implicit assumption is that an individual can make a difference in his destiny over time and can adjust in ways that would help him to enhance and optimize the potential for his own career development. Career planning is important because it would help the individual to explore, choose and strive to derive satisfaction with one's career object.

The process by which individuals plan their life's work is referred to as career planning.

Through career planning, a person evaluates his or her own abilities and interests, considers alternative career opportunities, establishes career goals, and plans practical developmental activities. 19.2

OBJECTIVES OF CAREER PLANNING Career planning seeks to achieve the following objectives: •

It attracts and retains

the right persons in the organisation • It maps

out careers of employees suitable to their ability, and their willingness to be trained and developed for higher positions •

It ensures better use of

human resources through more satisfied and productive employees • It ensures more stable workforce by reducing labour turnover and absenteeism • It utilizes the managerial talent available at all levels within the organisation

51 • It improves employee morale and motivation by matching skills to job requirements and by providing job

opportunities for promotion • It ensures that promising persons get experience that will equip them to reach responsibility for which they are capable • It provides guidance and encouragement to employees to fulfill their potential • It helps in

achieving higher productivity and organizational development The essence of a progressive career development

programme is built on providing support for employees to continually add to their skills, abilities and knowledge. This

support from organisation includes: • Clearly communicating the organisation's goals and future strategies. • Creating

growth opportunities • Offering financial assistance • Providing the time for employees to learn. On the part of

employees, they should manage their own careers like entrepreneurs managing a small business. They should think of themselves as self-employed. They should freely participate in career planning activities and must try to get as much as possible out of the opportunities provided. The successful career will be built on maintaining flexibility and keeping skills

and knowledge up to date. 19.3 CAREER ANCHORS Some recent evidence suggests that six different factors account for the way people select and prepare for a career. They are called career anchors because they become the basis for making career choices. They are particularly found to play a significant role amongst younger generation choosing professions. They are briefly presented below: a. Managerial Competence: The career goal of managers is to develop qualities of

interpersonal, analytical, and emotional competence. People using this anchor want to manage people. b. Functional Competence: The anchor for technicians is the continuous development of technical talent. These individuals do not

seek managerial positions. c. Security: The anchor for security-conscious individuals is to stabilize their career situations. They often see themselves tied to a particular organization or geographical location.

52 d. Creativity: Creative individuals are somewhat entrepreneurial in their attitude. They want to create or build something that is entirely their own. e. Autonomy and independence: The career anchor for independent people is a desire to be free from organizational constraints. They value autonomy and want to be their own boss and work at their own pace. This also includes an entrepreneurial spirit. f. Technological competence: There is a natural affinity for technology and a desire to work with technology whenever possible. These individuals often readily accept change and therefore are very adaptable. 19.4 ORGANISATION CENTERED CAREER PLANNING: This focuses on jobs and on identifying career paths that provide for the logical progression of people between jobs in an organization. Individuals follow these paths as they advance in certain organizational units. For example, a person might enter the sales department as a sales representative, then be promoted to account director, to sales manager, and finally to vice president of sales. Top management is responsible for developing career planning appraisal. A good program identifies career paths and includes performance appraisal, development, opportunities for transfer and promotion, and some planning for succession. To communicate with employees about opportunities and to help with planning, employers frequently use career workshops, a career center or newsletter, and career counseling. As the HR perspective indicates, individual managers frequently must play the role of coach and counselor in their direct contact with individual employees and within an HR-designed career management system. 19.5 INDIVIDUAL CENTERED CAREER PLANNING: This focuses on an individual's career rather than organizational needs. It is done by employees themselves analyzing their individual goals and skills. Such efforts might consider situations both inside and outside the organization that could expand a person's career. Even though individuals are the only ones who know for certain what they consider a successful career, that definition is not always apparent even to the individuals involved. For example, few college students enrolled in business programs know exactly what they want to do upon graduation. Frequently they can eliminate some types of jobs, but might be interested in any of many other options. For individuals to manage their career several activities must happen.

53 a. Self-assessment: individuals need to think about what interests them, what they do not like, what they do well, and their strengths and weaknesses. Career advisors use a number of tools to help people understand themselves. b. Feedback on reality: employees need feedback on how well they are doing, how their bosses see their capabilities, and where they fit in organizational plans for the future. One source of this information should occur through performance appraisal feedback. c. Setting career goals: deciding on a desired path, setting some timetables, and writing down these items all set the stage for a person to pursue the career of choice. These goals are supported by short term plans for the individual to get the experience or training necessary to move forward toward the career goals. 19.6 CAREER PLANNING PROCESS It is obvious from the foregoing analysis that individuals differ a great deal in term of their career orientation .The career orientation is influenced by the preference for a particular career anchor, the life cycle stage, individual difference in values, goals, priorities, and aspiration. Organization also on the other hand differ in term of career path and opportunities that they can provide given the reality of their internal and external environments .The career system available in organizational depend on their growth potential, goals and priorities. The difference between what the employees look for in their career progression and what career growth opportunities the organization is able to provide, gives rise to situation of potential conflict. If the conflict is allowed to persist, the employee will experience dissatisfaction and withdraw from being actively engaged in the productive pursuit .They might even choose the option of leaving the organization. In either case, the organization is not able to optimally utilize the potential contribution of its employee towards the achievement of its goal. The possibility of conflict between the individual-organization objective calls for career planning efforts which can help identify areas of conflict and initiate such action as necessary to resolve the conflict . Career planning thus involves matching of rewards and incentives offered by the career path and career structure with hope and aspiration of employees regarding their own concept of progression. A general approach to career planning would involve the following steps: a. Analysis of the characteristic of the reward and incentives offered by the prevailing career system needs to be done and made know to employee .

Many individuals

54 may not be aware of their own career progression path

as such information may be confined to only select group of managers. b. Analyse the characteristic of the hopes and aspirations of different categories of employee including the identification of their career anchor must be done through the objective assignment. Most organization assume the career aspiration of individual employee which need not be in tune with the reality .The individual may not have a clear idea of their short and long term career and life goals , and may not be aware of the aspiration and career anchor . c. Mechanism for identifying congruence between individual career aspiration and organizational career system must develop so as to enable the organization to discuss cases of mismatch or incongruence. On the basis of analysis, it will be necessary

to compare and identify specific area of match and mismatch for different categories of employee. d. Alternative strategies for dealing with

mismatch will have to be formulated. Some of the strategies adopted by several organisations include the following: i. Change in the

career system by creating new career path, new incentives, new rewards, by

providing challenge through job redesign opportunities for lateral movement and the like. ii.

Change in the employee's hopes and aspirations by creating new needs, new goals, and new

aspiration or by helping the employees to scale down goal and aspiration that are unrealistic or unattainable for one

reason or the other. iii. Seek new basis of integration, compromise or other form of mutual change on the part of employee and organizational through problem solving, negotiation or other devices. iv.

A framework of career planning process aimed at integrating individual and organizational needs is presented.

e.

Reviewing Career Plans a periodic review of career plans is necessary to know whether the plans are contributing to the

effective utilization of human resources by matching employee objectives to job needs.

Review will also indicate to employee in which direction the organizations is moving,

what changes are likely to take place and what skills are needed to adapt to the changing needs of the organization.

55 19.7

INNOVATIVE CORPORATE CAREER DEVELOPMENT INITIATIVES Employers' corporate career development initiatives may

also include innovative programs like those listed below: a. Provide each employee with an individual budget: He or She

can use this budget for learning about career options and personal development. b. Offer on-site or online career

centers: These might include an on or off-line library of career development materials, career workshops, workshops on

related topics such as time management, and also provide individual career coaches for career guidance. c. Encourage

Role reversal: Have employees temporarily work in different positions in order to develop a better appreciation of their

occupational strengths and weaknesses. d. Establish a "corporate campus": make career and development courses and

programs available, perhaps through partnerships with local colleges or consultants. e. Help organize "career success

teams": These are small groups of employees from the same or different departments who meet periodically t network

and support one another in achieving their career goals. f. Provide career coaches: Carrier coaches usually focus on

career counseling and development advice. For example, they might work one-on-one with individual employees to help

them use career assessment tools and identify their training and development options. g. Provide career planning

workshops: A career planning workshop is "a planned learning event in which participants are expected to be actively

involved, completing career planning exercises and inventories and participating in career skills practice sessions. Activity

A Assume that you are assistant manager at present. Have you thought about your career planning? Where you want to

see yourself in your organisation after 5 years? Write in brief about your plan.

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56 19.8 SUCCESSION PLANNING Succession planning is an ongoing process that identifies necessary competencies, then works to assess, develop, and retain a talent pool of employees, in order to ensure a continuity of leadership for all critical positions. Succession planning is a specific strategy, which spells out the particular steps to be followed to achieve the mission, goals, and initiatives identified in workforce planning. It is a plan that managers can follow, implement, and customize to meet the needs of their organisation, division, and/ or department. The continued existence of an organization over time require a succession of persons to fill key position .

The purpose of succession planning is to identify and develop people to replace current incumbents in key position for a variety of reasons. Some of these reasons are given below: a. Superannuation: Employees retiring because they reach a certain age. b. Resignation: Employees leaving their current job to join a new job c. Promotion: Employees moving upward in the hierarchy of the organization. d. Diversification: Employees being redeployed to new activities. e. Creation of New Position: Employees getting placed in new positions at the same level. Succession can be from within or from outside the organization. Succession by people from within gives a shared feeling among employee that they can grow as the organization grows. Therefore organization needs to encourage the growth and development with its employee. They should look inward to identify potential and make effort to groom people to higher and varied responsibilities. In some professionally run large organizations, managers and supervisor in every department are usually asked to identify three or four best candidate to replace them in their jobs should the need arise. However, the organization may find it necessary to search for talent from outside in certain circumstance. For example, when qualified and competent people are not available internally, when it is planning to launch a major expansion or diversification programmes requiring new ideas etc.. Complete dependence on internal source may cause stagnation for

the organization. Similarly complete dependence on outside talent may cause stagnation in the career prospects of the individual within the organization which may in turn generate a sense of frustration.

57 Succession planning provides managers and supervisors a step-by-step methodology to utilize after workforce planning initiatives have identified the critical required job needs in their organization. Succession planning is pro-active and future focused, and enables managers and supervisors to assess, evaluate, and develop a talent pool of individuals who are willing and able to fill positions when needed. It is a tool to meet the necessary staffing needs of an organization/department, taking not only quantity of available candidates into consideration, but also focusing on the quality of the candidates, through addressing competencies and skill gaps. 19.9 THE SUCCESSION PLANNING PROCESS: Whether in small or large firms, succession planning is linked to strategic HR planning. Both the quantity and capabilities of potential successors must be linked to organizational strategies and HR plans. For example, a retailer whose key merchandising managers are likely to retire soon must consider the implications for future merchandising and store expansion plans, particularly if the firm plans to enter or withdraw from offering certain lines of goods. Based on their broader planning efforts, the succession planning process shown is ideal.

58 Figure: Succession Planning Process Two coordinated activities begin the actual succession planning process. First, the development of preliminary replacement charts ensures that the right individuals with sufficient capabilities and experience to perform the targeted jobs are available at the right time. Replacement charts both show the backup players at each position and identify positions without a current qualified backup. The charts identify hwo could take over key jobs if someone leaves, retires dies unexpectedly, or other-wise creates a vacancy. In conjunction with developing replacement charts, assessing the capabilities of current employees and their career interests allows companies to create carrier development plans for employees. As mentioned earlier, mangers may perform these Formulate Strategies and HR Plans Address Succession Planning Develop Preliminary Replacement Charts Assess Current Employee Capabilities and Interests Engage in HR Development Periodically Review and Reassess Plans

59 assessments based on performance appraisals and other information. Organizations also use psychological tests, assessment centers, or other individual assessment means to identify individual development needs and possible career moves for employees. Then HR efforts to develop the capabilities of the individuals facilitate orderly and planned successions. Finally, as with most planning efforts, periodic review and reassessment both organization-wide and with individuals ensures that the succession plan remains current and aligned with organizational strategies and HR plans.

Activity B Identify and discuss about any of the recent succession plans of a well reputed company in India.

..... 19.10 SUMMARY Career is viewed as
a sequence of position occupied by a person during the course of his lifetime.

Career planning is important because it would help the individual to explore, choose and strive to derive satisfaction with one's career object. It attracts and retains the right persons in the organization. The essence of a progressive career development programme is built on providing support for employees to continually add to their skills, abilities and knowledge. Career anchors are the basis for making career choices. The managerial competence, functional competence, security, creativity, autonomy and independence, technological competences are the identified career anchors. The career planning process includes analysis of the characteristic of the reward and incentives offered by the prevailing career system, analysis of the characteristic of the hopes and aspirations of different categories of employee, compare

and identify specific area of match and mismatch for different categories of employee, identify 60 alternative strategies for dealing with mismatch, and periodic review of career plans.

Employers' corporate career development initiatives may also include innovative programs such as providing each employee with an individual budget, offer on-site or online career centers, encourage Role reversal, Establish a "corporate campus", help organize "career success teams", provide career coaches and provide career planning workshops.

Succession planning is an ongoing process that identifies necessary competencies, then works to assess, develop, and retain a talent pool of employees, in order to ensure a continuity of leadership for all critical positions.

The purpose of succession planning is to identify and develop people to replace current incumbents in key position for a variety of reasons. The reasons include superannuation, resignation, promotion, diversification and creation of new position.

19.11KEY WORDS

1. Career: The general course of one's working life.
2. Career planning: A structured exercise undertaken to identify one's objectives, marketable skills, strengths, and weaknesses, etc., as a part of one's career management.
3. Career development: A lifelong process of managing learning, work, leisure, and transitions in order to move toward a personally determined and evolving preferred future.
4. Succession planning: Is the process for identification and development of

internal people with the potential to fill key business leadership positions in the company. 5.

Promotion: A progression of an employee from present position to an higher position in the organisation. 19.12SELF ASSIGNMENT QUESTIONS a. Define the term career, career planning, and career development. b. Explain the objectives and process of career planning. c. What factors determine the way people select and prepare for a career? d. Explain the career development initiatives. e. What is succession planning? How is succession planning is different from talent management? f. What are the reasons for succession planning?

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UNIT - 20 : EMPLOYEE RETENTION STRUCTURE 20.0 Objectives 20.1 Introduction 20.2 Meaning of Employee Retention.

20.3 Why do Employees stay or Leave? 20.4 Need and

Importance of Employee Retention 20.5 Employee Retention Strategies 20.6 Role of Motivation in Employee Retention

20.7

The Retention Management Process 20.8 Employee Engagement and Employee Retention 20.9

Summary 20.10 Key Words 20.12 Self Assignment

Questions 20.13 References

63 20.0

OBJECTIVES After reading this unit, you will be able to; •

Define and explain

meaning of employee retention. • Understand the importance of employee retention. • Identify the reasons for employee turnover. • To understand the strategies of employee retention. • To explain the role of motivation in employee retention.

• Define employee engagement • To evaluate the process of employee retention. 20.1 INTRODUCTION Retention of employees has become a primary concern in many organizations for several reasons. As a practical matter, with lower turnover, every individual who is retained means one less person to have to recruit, select, and train. Also, organizational and individual performance is enhanced by the continuity of employees who know their jobs, co-workers, organizational services and products, and the firm's customers. Hence in this unit we shall understand the concept and other related issues relating employee's retention on organizations. 20.2 MEANING OF EMPLOYEE RETENTION

Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time.

Every organization invests time and money to groom a new entrant, make him a corporate ready material and bring him at par with the existing employees. The organization is completely at loss when the employees leave their job once they are fully trained. Employee retention takes into account the various measures taken so that an individual stays in an organization for the maximum period of time. 20.3 WHY DO EMPLOYEES STAY OR LEAVE Individuals stay or leave their jobs and organizations for many different reasons. Obviously, individuals who are terminated leave at the request of the organizations. But the bigger issue in many organizations is why employees voluntarily leave.

64 One survey done by McKinsey and Company, a large international consulting firm, emphasized the importance of retention by concluding that employers face "a war for talent".

Research says that most of the employees leave an organization out of frustration and constant friction with their superiors or other team members. In some cases low salary, lack of growth prospects and motivation compel an employee to look for a change.

The management must try its level best to retain those employees who are really important for the system and are known to be effective contributors.

It is the responsibility of the line managers as well as the management to ensure that the employees are satisfied with their roles and responsibilities and the job is offering them a new challenge and learning every day.

A number of organizational components influence individuals in their decisions to stay or leave their employers.

Organizations that have positive, distinctive cultures and values have fewer turnovers. 1. Organizational culture and values:

Organizational culture is a pattern of shared values and beliefs that provides organizational members meaning and rules for behavior. Numerous examples can be given of key technical, professional, and administrative employees leaving firms because of corporate cultures that seem to devalue people and create barriers to the use of individual capabilities. In contrast, creating a culture that values people highly enables some corporations successfully attract and retain employees.

2. Organizational strategies, opportunities, and management: These are other organizational components that affect employee retention are related to the strategies, opportunities, and management of the organization. In some organizations external events are seen as threatening, whereas others see changes as challenges requiring responses. The latter approach can be a source of competitive advantages, especially if an organization is in a growing, dynamic industry.

3. Job continuity and security: Many individuals have seen a decline in job security over the past decade. All of the downsizings, layoffs, mergers and acquisitions, and organizational restructurings have affected employee loyalty and retention. Also as co-workers experience layoffs and job reductions, anxiety levels of the remaining employees rise. Consequently, employees start thinking about leaving before they too get cut. On the other hand, organizations where job continuity and security is high tend to have higher retention rates.

4. Organizational career opportunities: Organizations address career opportunities and development in a number of ways. Tuition aid programs typically offered as benefits by many employers allow employees to pursue additional educational and training opportunities which may contribute to higher retention rates. However, just offering such a program is not sufficient. Organizations must also identify ways to use the employee's new knowledge and capabilities inside the organization. Otherwise, employees are more likely to take their new capabilities to another employer because they feel their increased value is not being recognized. Organizations also increase employee retention by having formal career planning efforts. Employees and their managers mutually discuss career planning within organizations and what career development activities will enhance employees' future growth.

5. Rewards and retention: The tangible rewards that people receive for working come in the form of pay incentives, and benefits. Numerous surveys and experiences of HR professionals reveal that one key to have competitive compensation practices. Many managers believe that money is the prime retention factor. Pay and benefits must be competitive, which means they must be close to tent with their capabilities, experience, and performance.

6. Job design and work: A fundamental factor affecting employee retention is the nature of the jobs and work done. First, retention is affected by the selection process. a number of organizations have found that high employee turnover rates in employees' first few months of employment often are linked to inadequate selection screening efforts. Once individuals have been placed into jobs, several job/work factors affect retention. Because individuals spend significant time at work, they expect to work with modern equipment and technology and have good working conditions, given the nature of the work. Such factors as space, lighting, temperature, noise, layout, and other physical and environmental factors affect retention of employees.

7. Employee Relationships: A final set of factors found to affect retention is based on the relationships that employees have in organizations. Such areas as the reasonableness of HR policies, the fairness of disciplinary actions, and the means used to decide work assignments and opportunities all affect employee retention. If individuals feel that policies are unreasonably restrictive or applied inconsistently, then they may be more likely to look at jobs offered at other employers.

20.4 NEED AND IMPORTANCE OF EMPLOYEE RETENTION Employee Retention refers to the techniques employed by the management to help the employees

stay with the

organization for a longer period of time.

Employee retention strategies

go a long way in motivating the employees so that they

stick to the organization for the maximum

time and contribute effectively. Sincere efforts must be taken to ensure growth and learning for the employees in their current assignments and for them to enjoy their work. Employee retention has become a major concern for corporate in the current scenario. Individuals once being trained have a tendency to move to other organizations for better prospects. Lucrative salary, comfortable timings, better ambience, growth prospects are some of the factors which prompt an employee to look for a change. Whenever a talented employee expresses his willingness to move on, it is the responsibility of the management and the human resource team to intervene immediately and find out the exact reasons leading to the decision.

Let us understand why retaining a valuable employee is essential for an organization. ? Hiring is not an easy process: The HR Professional shortlists few individuals from a large pool of talent, conducts preliminary interviews and eventually forwards it to the respective line managers who further grill them to judge whether they are fit for the organization or not. Recruiting the right candidate is a time consuming process. ? An organization invests time and money in grooming an individual and makes him ready to work and understand the corporate culture:

A new entrant is completely raw and the management really has to work hard to train him for his overall development. It is a complete wastage of time and money when an individual leaves an organization all of a sudden. The HR has to start the recruitment process all over again for the same vacancy; a mere duplication of work. Finding a right employee for an organization is a tedious job and all efforts simply go waste when the employee leaves. ?

When an individual resigns from his present organization, it is more likely that he would join the competitors:

In such cases, employees tend to take all the strategies, policies from the current organization to the new one. Individuals take all the important data, information and statistics to their new organization and in some cases even leak the secrets of the previous organization. To avoid such cases, it is essential that the new entrant is made to sign a document which stops him from

67 passing on any information even if he leaves the organization. Strict policy should be made which prevents the employees to join the competitors. This is an effective way to retain

the employees. ? The employees working for a longer period of time are more familiar with the company's policies, guidelines and thus they adjust better:

They perform better than individuals who change jobs frequently. Employees who spend a considerable time in an organization know the organization in and out and thus are in a position to contribute effectively. ? Every individual needs time to adjust with others: One needs time to know his team members well, be friendly with them and eventually trust them. Organizations are always benefited when the employees are compatible with each other and discuss things among themselves to come out with something beneficial for all. When a new individual replaces an existing employee, adjustment problems crop up. Individuals find it really difficult to establish a comfort level with the other person. After striking a rapport with an existing employee, it is a challenge for the employees to adjust with someone new and most importantly trust him. It is a human tendency to compare a new entrant with the previous employees and always find faults in him. ?

It has been observed that individuals sticking to an organization for a longer span are more loyal towards the management and the

organization: They enjoy all kinds of benefits from the organization and as a result are more attached to it. They hardly badmouth their organization and always think in favour of the management. For them the organization comes first and all other things later. ?

It is essential for the organization to retain the valuable employees showing potential:

Every organization needs hardworking and talented employees who can really come out with something creative and different. No organization can survive if all the top performers quit. It is essential for the organization to retain those employees who really work hard and are indispensable for the system.

The management must understand the difference between a valuable employee and an employee who doesn't contribute much to the organization. Sincere efforts must be made to encourage the employees so that they stay happy in the current organization and do not look for a change.

68 20.5

EMPLOYEE RETENTION STRATEGIES For an organization to do well and earn profits it is essential that the high potential employees stick to it for a longer duration and contribute effectively. The employees who spend a considerable amount of time tend to be loyal and committed towards the management and always decide in favour of the organization. When you meet someone, there is hardly any attachment in the beginning, but as the friendship matures, a sense of loyalty and trust develops. In the same way, when an individual spends a good amount of time in an organization, he gets emotionally bonded to it and strives hard for furthering the brand image of the organization. The management can't completely put a full stop to the process of employees quitting their jobs but can control it to a large extent.

Let us go through some strategies to retain an individual: a. An employee looks for a change when his job becomes monotonous and does not offer anything new. It is essential for everyone to enjoy whatever he does. The responsibilities must be delegated according to the individual's specialization and interests. It is the responsibilities of the team leader to assign challenging works to his team members for them to enjoy work and do not treat it as a burden. Performance reviews are important to find out whether the employees are really happy with their work or not.

b.

Constant disputes among employees encourage them to go for a change. Conflicts must be avoided to maintain the decorum of the place and avoid spreading negativity around. Promote activities which bring the employees closer. Organize outdoor picnics, informal get together for the employees to know each other better and strengthen the bond among themselves. Let them make friends at the workplace whom they can really trust. Friendship among employees is one strong factor which helps to retain employees. Individuals who have reliable friends at the workplace are reluctant to move on for the sake of friendship. No one likes to leave an organization where he gets mental peace. It is essential to have a cordial environment at the workplace. c.

The human resource department must ensure that it is hiring the right candidate.

Frustration crops up whenever there is a mismatch. A finance professional if is hired for a marketing profile would definitely end up being frustrated and look for a change. The right candidate must be hired for the right profile. While recruiting a new candidate, one should also check his track record.

An individual who has changed his

69 previous jobs frequently would also not stick to the present one and thus should not be hired. d. Employee recognition is one of the most important factors which go a long way in retaining employees. Nothing works better than appreciating the employees. Their hard work must be acknowledged.

Monetary benefits such as incentives, perks, cash prize also motivate the employees to a large extent and they prefer sticking to the organization.

The performers must have an upper edge and should get a special treatment from the management. e. Performance appraisals are also important for an employee to stay motivated and avoid looking for a change. The salary hike should be directly proportional to the hard work put by the employees. Partiality must be avoided as it demotivates the talented ones and prompt them to look for a better opportunity. f..

The salary of the employees must be discussed at the time of the interview. The components of the salary must be transparent and thoroughly discussed with the individuals at the time of joining to avoid confusions later. The individuals should be made to join only when the salary as well as other terms and conditions are acceptable to them. g. The company's rules and regulations should be made to benefit the employees. They should be employee friendly. Allow them to take a leave on their birthdays or come a little late once or twice in a month. It is important for the management to understand the employees to gain their trust and confidence. The consistent performers must also have a say in the company's decisions for them to feel important.

Activity A: Suppose that you are a newly recruited Personnel manager of XYZ Co. Ltd, a manufacturing company in south India. The company has been witnessing a higher labour turnover from past 2-3 years. What would be your immediate action and what strategies you adopt to retain the workforce with your company?

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70 20.6

ROLE OF MOTIVATION IN EMPLOYEE RETENTION Employee retention involves various steps taken to retain an employee who wishes to move on. An employee must find his job challenging and as per his interest to excel at work and stay with the organization for a longer period of time. The management plays an important role in retaining the talented employees who are familiar with the working conditions of the organization and thus perform better than the employees who just come and go.

Motivation plays an important role in employee satisfaction and eventually employee retention. Nothing works better than motivation. Motivation acts as a catalyst to an individual's success. The team leaders and the managers must constantly motivate the employees to extract the best out of them. If an employee has performed exceptionally well, do appreciate him. Simple words like "Well done", "Bravo", "Good", "Keep it up" actually go a long way in motivating the employees. The top performers must be

in the limelight. The employees must feel indispensable for the organization. It is essential for the employees to be loyal towards their organization to deliver their level best.

Does anyone spoil his personal belongings? No. The reason being we are concerned about our own stuff. In the same way a sense of belonging at workplace is important for better output. Ownership of work only comes through motivation. Ask the team members to buck up so that they perform well every time and meet the expectations of the management. The superiors should send motivational emails to their team once in a week. Display inspirational posters, photographs on the notice board for the employees to read and stay motivated. It is natural for an individual to feel low sometimes, but the superiors must ensure to boost their morale and bring them back on track. No individual should be neglected or criticized. This demotivates them. If they fail to perform once, motivate them and give them another opportunity. Organize various activities and events at the workplace. Ask each one to take charge of something or the other. Engage the employees in productive tasks necessary for their overall development. The management must show its care and concern for all the staff members. The employees must feel secure at the workplace for them to stay motivated. Whenever any company policy is to be formulated, the opinion of each and every employee should be taken into consideration.

71 Invite all of them on a common platform and ask for their suggestions as well. Freedom of expression is must. Every employee must have a say in the organization's guidelines as they are made only to benefit them.

Incentives, perks, cash prizes are a good way to motivate the employees. The employees who have performed well consistently should be felicitated in front of all the staff members as well as the management. Give them trophies or badges to flaunt. Ask the audience to give a loud applause to the employees who have performed well. This is a good way to motivate the employees for them to remain happy and work with dedication for a longer duration. Others who have not performed up to the mark also gear up for future. The names of the top performers must be put on the company's main notice board or bulletin board for everyone to see. Appraisals are also an important way to motivate the employees. The salaries of the performers must be appraised at regular intervals- an effective way to retain the employees. Career growth is an important way to retain the talented employees. Give them power to take some decisions on their own but the management must have a close watch on them so that they do not misuse their power.

Without motivation, it is not fair to expect the best out of the employees. No individual likes to leave an organization where he is being treated well. 20.7

THE RETENTION MANAGEMENT PROCESS: Along with other issues of employee retention, it is important that HR professionals and their organizations have processes in place to manage retention of employees. Left to chance or infrequent attention, employee retention is not as likely to be successful. That is why using the retention management process is important. MEASUREMENT AND ASSESSMENT:1. Turnover measurement analysis.2. costing of turnover3. employee surveys4. Exit interviews RETENTION INTERVENTION:5.Recruiting and selection6. Orientation and training7. Compensation and benefit.8. Career development and planning9. Employee relations EVALUATION AND FOLLOWUP:10.Review turnover data regularly11. Track intervention results12. Adjustment intervention efforts Figure: The retention management process

72 1. Turnover Measurement Analysis: To ensure that appropriate actions are taken to enhance retention and reduce turnover, management decisions require data analysis rather than subjective impressions, anecdotes of selected individual situations, or panic reactions to the loss of a few key people. 2. Costing turnover: Determining turnover costs can be relatively simple or very complex, depending upon the nature of the efforts and data used. More sophisticated turnover costing models consider a number of factors. Example, hiring costs, training costs, productivity costs, and separation costs, etc. 3. Employee Surveys: Employee surveys can be used to diagnose specific problem areas, identify employee needs or preferences, and reveal areas in which HR activities are well received or viewed negatively. For example, questionnaires may be sent to employees to collect ideas for revising a performance appraisal system or to determine how satisfied employees are with their benefits programmes. 4. Exit Interviews: one widely used type of interview is the exit interview, in which individuals are asked to identify reasons for leaving the organization. 5. Recruiting and Selection: Based on what the measurement and assessment data reveal, a variety of HR interventions can be undertaken to improve retention. During recruiting process, the job should be outlined and realistic job preview presented, so that the reality of the job matches the expectations of the new employee. Another way to eliminate turnover is to improve the selection process in order to better match applicant's jobs. By fine-tuning the selection process and hiring people who will not have disciplinary or performance problems or whose work histories suggest higher turnover potential, employers can reduce turnover. 6. Orientation and training: Once selected, individuals who receive effective orientation and training are less likely to leave. 7. Compensation and benefit: This is important because a competitive, fair, and equitable pay system can help reduce turnover. Inadequate benefits also may lead to voluntary turnover. 8. Career development and planning: If individuals believe they have few opportunities for career development advancement, they are more likely to leave the organization. 9. Employee relations: Employee relations, including fair/nondiscriminatory treatment and enforcement of HR policies, can enhance retention also.

73 10. Review turnover data regularly: Once retention intervention efforts have been implemented, it is important that they be evaluated and appropriate follow-up and adjustments made. Regular review of turnover data can identify when turnover increases or decreases among different employees classified by length of service, education, department, gender, or other factors. 11. Track intervention results: Tracking intervention results also should be part of evaluation efforts. Some firms may use pilot programs to see how turnover is affected before extending the changes to the entire organization. 12. Adjustment intervention efforts: If the turnover rate of the employees in that department drops in comparison with the turnover in other departments still working set schedules, then the experimental pilot project may indicate that flexible scheduling can reduce turnover. Next the firm might extend the use of flexible scheduling to other departments. 20.8 EMPLOYEE ENGAGEMENT AND EMPLOYEE RETENTION Individuals coming together on a common platform to achieve the goals of the organization as well as to earn a living for themselves are called as employees. The smooth functioning of an organization depends on its employees and their seriousness towards work.

Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time.

Employee retention

has become a major concern for corporate in the current scenario. It is a complete wastage of time and money when an individual leaves an organization and the hiring process is not easy. To avoid such wastage there is a need for suitable strategies to be framed, so that valuable employee is retained in the organization. Motivation to employees makes them to be retained in the organization.

Incentives, perks, cash prizes are a good way to motivate the employees. The performance appraisal system, the reward system, compensation system must be revised based on the strategies for retention of employees. Employee

engagement refers to a situation where all the employees are engaged in their own work and take keen interest in the organization's activities.

An

engaged employee is satisfied with his work and would never think of quitting his job. He is the one who willingly accepts responsibilities and looks forward towards a long term association with the organization. Therefore there is a relationship between employee engagement and employee retention.

76 20.10KEY WORDS 1.

Employee retention : An effort by a business to maintain a working environment which supports current staff in remaining with the company. 2.

Employee turnover: Employee turnover refers to the number or percentage of workers who leave an organization and are replaced by new employees. 3. Employee retention strategies: A set plans or programs undertaken by firms in order to stop employees from quitting the firm to retain them with company. 4. Motivation: A driving force that causes the change from desire to trying to achieve in life. 5.

Employee engagement: Employee engagement refers to a condition where the employees are fully engrossed in their work and

are emotionally attached to their organization. 6. Engaged employee: An engaged employee is one who is fully absorbed in his work and who enjoys his work and learns something new each day. 20.11SELF ASSIGNMENT QUESTIONS a. Explain the concepts of employee turnover and employee engagement. b. Why do employees leave the organizations? c.

Describe the need for and importance of employee retention. d. Explain the various employee retention strategies. e.

What role does motivation play in retention of a pool of best employees? Explain. f. What is employee engagement and who is an engaged employee? g. Explain the meaning of employee retention. h. Discuss in detail the stages in the employee retention strategy. 20.12REFERENCES 1. Ansari M.A. Managing people at work, New Delhi: Sage publications,

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