

## **ST.JOSEPH'S DEGREE & PG COLLEGE**

### **UNIT I INTRODUCTION TO HUMAN RESOURCE MANAGEMENT:**

Introduction, Meaning and Definition of Human Resource Management, Scope of Human Resource Management, The semantics, Functions & Objectives of Human Resource Management, HRM Model, Evolution of HRM, Image and Qualities of HR/Personnel Manager. Environment of HRM – External forces and Internal Forces, major challenges of HRM.

#### INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

Human Resource Management is also a function of management, concerned with hiring, motivating and maintaining people in an organization.

It focuses on people in the organization.

#### HRM Meaning and Definition

- Organizations does not only consist of building, machines or inventories. It is people they manage and staff the organization
- HRM applies management principles in procuring, developing, maintaining people in the organization.
- Aims at integrated decision making and decisions on different aspects of employees are consistent with other HR decisions
- HR Decisions must influence effectiveness of the organisation leading to better service to customer and high quality product and services at reasonable price.
- It is not confined to business establishment only, HRM is applicable also to the non business organisation, like government department, education, health care etc.

Human Resource Management is a series of integrated decisions that form the employment relationship; their quality contributes to the ability of the organisations and the employees to achieve their objectives.

- Milkovich and Boudreau

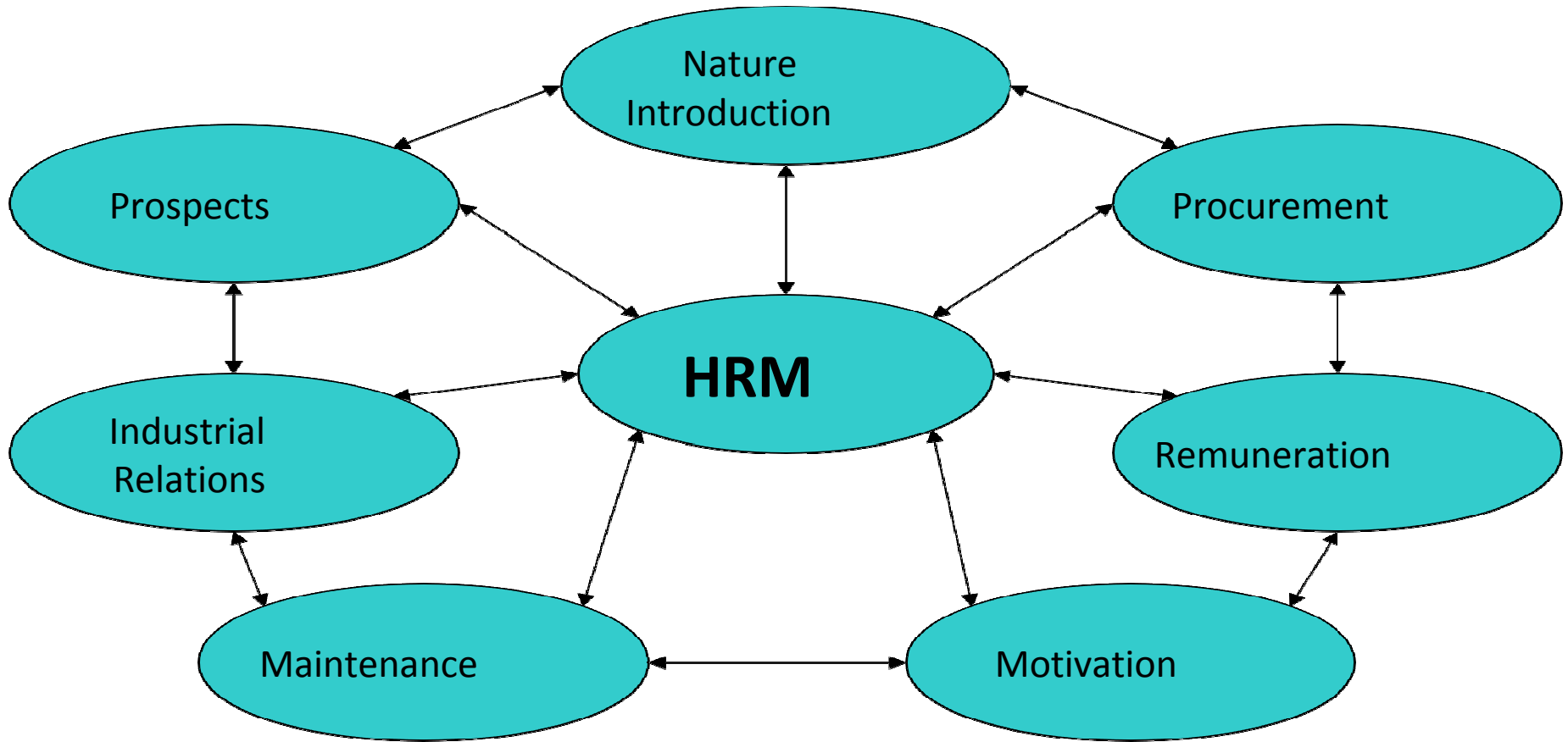
Human Resource Management is concerned with the people dimension in management. Since every organisation is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organisation are essential to achieving organisational objectives. This is true regardless of the type of organisation – government, business, education, health, recreation or social action.

- David A. Decenzo and Stephen P. Robbins

Human Resource Management is the planning, organising, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organisational, and social objectives are accomplished.

- Edwin B. Flipp

**Scope of HRM**



## **Objectives of HRM**

**The main objectives of HRM are as follows:**

1. To help the organization attain its goals by providing well-trained and well-motivated employees.
2. To employ the skills and knowledge of employees efficiently and effectively.
3. To enhance job satisfaction and self-actualization of employees by encouraging and assisting every employee to realize his/her full potential.
4. To establish and maintain productive, self-respecting and internally satisfying working relationships among all the members of the organization.
5. To bring about maximum individual development of members of the organization by providing opportunities for training and advancement.
6. To secure the integration of all the individuals and groups with the organization by reconciling individual/group goals with those of an organization.
7. To develop and maintain a quality life which makes employment in the organization a desirable, personal and social situation.
8. To maintain high morale and good human relations within the organization.
9. To help maintain ethical policies and behavior inside and outside the organization.
10. To manage change to the mutual advantage of individuals, group, the organization and the society.
11. To recognize and satisfy individual needs and group goals by offering appropriate monetary and non-monetary incentives.

## **Functions of HRM**

The functions of HRM are very wide. An agreement over them is rarely.

**Broadly, the personnel function can be divided into two parts:**

- (A) Managerial functions and
- (B) Operative functions.

### **(A) Managerial Functions:**

#### **1. Planning:**

Planning is the main function of management. In the context of personnel management, it is concerned with manpower planning; studying labor turnover rate, forecasting the future requirements of Personnel and planning for selection and training procedures, etc.

**2. Organising:**

Organising involves the establishment of interrelationships within organization. It provides a structure for the company by identifying the various sub-groups headed by individuals in managerial jobs as well as operative jobs.

**3. Directing:**

Personnel management is directly concerned with direction function also. It includes issuing instruction to the workers, developing communication network, interpreting various industrial laws and integrating workers.

**4. Controlling:**

Personnel department helps in controlling also. It provides basic data for establishing standards, makes job- analysis and performance appraisal, etc. These all techniques assist in effective control of the qualities, time and efforts of workers.

**(B) Operative Functions:**

These are service or routine functions of personnel management.

**They are as under:**

**1. Procurement of Personnel:**

The first operative function of personnel management is concerned with the obtaining of the proper kind and number of personnel necessary to accomplish organization goals. It deals specifically with such subjects as the determination of manpower requirements, their recruitment, selection, placement and orientation, etc.

**2. Development of Personnel:**

After personnel have been obtained, they must to some degree be developed before going to work. Development has to do with the increase of skill through training that is necessary for proper job performance. Various techniques of training are used in this process in order to develop the employees. Framing a sound promotion policy, determination of the basis of promotion and making performance appraisal are the basis of personnel development function.

**3. Compensation to Personnel:**

Compensation means, determination of adequate and equitable remuneration of personnel for their contribution to organization objectives. It is one of the most difficult and important function of the personnel management to determine the monetary compensation for various jobs.

For choosing a suitable compensatory policy a number of decisions are taken into the function, viz., job-evaluation, remuneration, policy, incentive and premium plans, bonus policy and co-

partnership, etc. In addition to this, it also assists the organization for adopting the suitable wages and salaries policy and payment of wages and salaries in right time.

**4. Maintaining Good Industrial Relations:**

It is one of the most essential function of the personnel manager to create the harmonious relations between management and labour. It covers a wide field and is intended to reduce striates, promote industrial peace, provide fair deal to workers and establish industrial democracy. If the personnel manager is unable to make harmonious relations between the two that will be very harmful to the organization.

The industrial unrest will take place and a million of man-days will be lost. The moral and physical condition of the employee will suffer, if labor management relation is not good and it will be a loss of an organization vis- a-vis a nation. Therefore, it is the duty of personnel manager to make harmonious relation with the help of sufficient communication system and co-partnership.

**5. Record Keeping:**

Record-keeping is also an important function of personnel manager. In this system, personnel manager collects and maintain information, which is concerned with the staff of the organization. Recording is essential for every organization because it assists the management in decision-making such as in promotions.

**6. Personnel Planning and Evaluation:**

Under this system different type of activities are evaluated such as Evaluation of performance, Personnel policy of an organization and its practices, Personnel Audit, Moral Survey and Performance Appraisal, etc.

**7. Personnel Research and Audit:**

It is also an important function of personnel management. This function is concerned with the research in newer motivational techniques and auditing its effect on the workers of the organization, etc.

**HRM Model**

**1. Michigan Model of HRM (The Hard Approach):**

To improve performance at all levels, a company must directly align its corporate and human resource strategies and structures.

**The model (by Fombrum, Ticy and Devanna) proposes that:**

- i. Individuals should be treated as organisational resources, and should be put to effective use.

- ii. Fit should be achieved between individual and organisational strategies by selecting the most suitable persons to achieve its business activities and promoting optimum performance to achieve business objectives.
- iii. Monitoring and appraising performance and providing appropriate feedback to employees.
- iv. Rewarding performance.
- v. Developing knowledge, skills and competence to achieve business objectives.

Hard HRM stresses the “resource” aspect of HRM. The model stresses HRM’s focus on the crucial importance of the close integration of human resource policies, systems and activities with business strategy.

From this angle, human resources are largely a factor of production, an expense of doing business rather than the only resource capable of turning inanimate factors of production into useful products and services. Human Resources are viewed as passive, to be provided and deployed as numbers and skills at the right price, rather than the source of creative energy.

Hard HRM is as calculative and tough-minded as any other branch of management, communicating through the tough language of business and economics. This emphasis on the quantitative, calculative and business – strategic aspects of managing the “headcount” has been termed as human asset accounting.

### **Evolution of Human Resource management**

The term “human resource management” is of recent origin. In its modern connotation, it came to be used mainly from the 1980s onwards. During ancient times and for a long period in the medieval era, production of goods was done mainly by skilled artisans and craftsmen. They themselves owned the tools and instruments, produced articles and sold these in the market.

As such, the question of employer-employee or master-servant relationship did not arise in their cases. They managed their affairs themselves and with the help of the family members. However, many affluent craftsmen also employed apprentices and certain categories of hired labourers. There existed a very close relationship between the master craftsmen and the apprentices, and they themselves took care of the problems facing the apprentices and their family members.

A sort of human approach was involved in their relationship. After a prolonged period of training, many apprentices established their own enterprises, and many others remained attached with their master craftsmen on lucrative terms. During the medieval period, the skilled craftsmen also formed their guilds primarily with a view to protecting the interests of their respective trades.

These guilds also determined the price of their products, the wages of the journeymen and hired labourers, and regulated the terms and conditions of their employment. The ancient and a major part of the medieval period also witnessed prevalence of certain other distinct types of labourers. These comprised slaves, serfs and indentured labourers.

A brief description of the manner in which they were treated and managed will be relevant for a proper understanding of human resource management in a historical perspective.

### **1. Managing Slaves:**

Slaves comprised an important source of manpower in almost all ancient civilisations. They could be sold and purchased like commodities. Their main purchasers were the wealthy rulers, landlords, tribal chiefs and affluent businessmen. The purchasers of slaves had a rather complete control over their slaves.

The masters of the slaves took a variety of arduous work from them such as carrying heavy loads, rowing ships and boats, construction of buildings and forts, digging canals, cattle-rearing and tillage of soil. The remuneration or compensation for their efforts comprised mainly food, shelter and clothing. The slaves were dealt with iron hands.

They were subjected to strict supervision, and non-compliance of the orders of their masters or supervisors was generally punishable with physical tortures, and occasionally with mutilation of their limbs and even death sentence for grave offences.

### **2. Managing Serfs:**

Serfdom was widely prevalent in the feudal societies of the pre-and early medieval era. Serfs were engaged by landlords mainly in agricultural operations and allied activities. The landlords would usually give them a piece of land for their habitat and often, some land for their own cultivation. In many cases, a paltry sum of money was advanced to them in order that they could remain attached to their masters.

In lieu of these facilities, the serfs and their family members were required to serve their masters. The work assigned to serfs mainly comprised – tillage of soil, cattle-rearing, domestic work and similar other activities. Many landlords would also give them a meagre amount as wages, whether in cash or in kind. Usually, serfs could become free after returning to their masters the habitat, the piece of land and advances with interest. They could also be transferred to some other landlord on payment.

Under serfdom, some measure of personal relationship existed between the landlords and the serfs. Many landlords often tried to solve their genuine grievances and extended some help to those who were in distress. The feudal lords also occasionally gave some economic inducements



to their serfs in the form of additional supply of food-grains and some money for their increased productivity and good behaviour.

Although the management of serfs was based on the principle of authoritarianism, the element of human treatment was often found in their relationship. With the abolition of the feudal system, serfdom also came to an end. However, some remnants of the past can still be found even today, especially in rural areas. The bonded labour system in India is comparable to the system of serfdom prevalent in European countries during the medieval period.

### **3. Managing Indentured Labour:**

The system of indentured labour emerged primarily with the flourishing of mercantilism and advent of industrial revolution. The discovery of new lands through sea and land routes led to a substantial increase in the demand of European goods abroad, and at the same time, gave a fillip to the establishment of industries in the continent.

As a consequence, trade flourished leaps and bounds, and the mercantilists, taking advantage of the expanding markets, tried to accumulate as much wealth as possible. In their quest for maximising wealth, the mercantilists would offer attractive inducements to the artisans and skilled craftsmen for accelerating production of goods in demand. The artisans and craftsmen responded and they started engaging an increasing number of apprentices and hired labourers to cope with the demand of the products.

### **Image and Qualities of a HR/Personnel Manager**

#### **1. Strong and appropriate communication skills**

Let's start with the basic skill of the HR team and the HR manager, which is communicating with the employer and the employees. Company HR means should have very strong communication skills; he should be able to very precisely and effectively communicate with both the employees and the employer.

Effective communication helps to keep the motive and expectations of both the parties clear. Strong communication needs to be one of the most important and efficient skills a Company HR means must possess.

#### **2. Peoples person skills**

The job of a Company HR Means is a lot of interaction with a number of people, the employees on higher and lower designations, the service providers, the candidates for interviews, attending

various meetings like budgeting meetings of the company, meetings with the management and the employees for each other's concerns, etc. their interactions are endless.

He needs to like these interactions and should never display disinterest in interaction and address issues. He has to be a people's person and he should enjoy interacting with people around.

### 3. The right tact

The corporate world needs a lot of diplomacy and great manipulation skills for there are a number of negative issues that the HR needs to put across positively. Using the right, language, tone and statements in order to make sure you do not offend the other person is important.

Popular Course in this category

Must be approachable

Employees working for any organization to come across some of the other issues at the workplace, some issues need immediate attention whereas some only need resolution; however the workplace must have someone who will address to your problems, someone who will listen to your concerns and issues, this someone is the Company HR means.

If your Company HR means is not approachable you would not want to go up to the manager to raise your issues and share your concerns. An approachable HR manager is very important in the workplace. This helps build the trust of the employees towards the company.

### 5. No discrimination or partiality

It is very important to play fair at your workplace, playing favoritism is not right, it is inappropriate. When an employee looks at a Company HR means he looks at her as a representative of the management who will make sure that the employee is taken care of.

Playing of favoritism is a complete setback. The employee will lose hope and interest in working and won't even think of raising his concerns to the higher authorities if they favor certain people. Favoritism can lead to losing of skilled employees as they will be neglected by the management.

6. Managing conflicts

An organization has a number of people working in it. These people come from different backgrounds with different ethical and moral values. They will definitely have a difference of opinions these differences can lead to little conflicts and issues between colleagues, well the difference can also be between management and employees.

Company HR means should be able to sense the rising conflicts and should have the ability to manage them before these issues grow stronger and get difficult to handle. Quick resolution is important for such problems and this needs very efficient conflict handling skills

7. Problem-solving skills

Problems are a part of life and problems in the workplace are extremely common; however, dealing with the problems is what brings out the real skills of the employees. Now problems of employees need to be addressed faster and in an apt manner.

Company HR means needs to be efficient enough in solving the problems of the employees. Only if the HR manager and his team are efficient enough in solving concerns raised by the employees will the employees trust them and the company.

8. Ethically strong

Every company has ethical values that every employee needs to adhere to. The values may be related to business, interacting with the employees within the organization, interacting with clients, interacting with vendors, etc.

These values are for every employee and the HR team and the HR manager makes sure that the employees adhere to them. The leader first needs to display strong ethical values before making sure that the employees follow them.

Hence it is very important for the Company HR means to believe in the ethical value of the company before making sure others value them.

9. Dealing with the Grey area correctly

What is “The Grey Area”, this term is a term that is very sensitive and needs immediate action. Every company issues training on topics like discrimination, harassment, etc.

I am so sure that no company or employee or HR manager would want to ever face these issues, yet is most of the companies are dealing with the grey area issues it is maximum effort and time-consuming for the HR managers.

They need to have answers to the HR manage questions like, what is reasonably correct. What can he accommodate in the issue? How far do they have to stretch to approve leaves for such issues? They have to look for the best possible and available information; they need to seek the help of experts, coworkers, professionals, and attorneys.

No HR manager or company would ever want to take a harsh decision on an efficient employee for the grey area reasons, however crossing lines in such areas leads to very harsh actions.

#### 10. Strong negotiation skills

The Company HR Means needs to execute the running of the organization within the constrained budget or rather within the set budget. The Company HR Means needs to hire employees, book vendors with the best services and features, handle appreciations, process incentives, and bonuses, etc.

The management of the company discussed its budget with the HR manager and sets targets for the HR manager to work within the set budget.

Hence the HR manager and the HR team are trained very well in negotiating; they also need to have in-built negotiation skills to make sure they perform well. The HR manager needs to be very good at negotiating to make sure he works within the set budget to maximize company profits.

#### 11. Knowledge of employment legislation

Every HR executive needs to go through an HR training wherein they are trained about the employment legislation. In fact, most companies hire HR personals from the management institution where they are trained about their legal issues and employment legislation, its working culture, its functions, etc.

The HR manager must have a hands-on about this legislation and must be able to solve and legal issues that come up with any employee or ex-employee. In fact, the employees should be compatible enough to go and discuss such issues with the HR manager himself and he should display proper knowledge to give the employee assurance.

12. Right attitude and approach to work

Company HR Means Any person with a negative attitude and a negative approach to work is a burden on the company. When you start your day with a negative statement your entire day goes negative, you start having their negative impact on you making you think negative. Imagine a negative leader, trust me you would never like, rather hate going to work.

When you go to an office you enter the premises with a positive problem-solving approach. The right approach can lead you, your co-workers and your company in the right direction. The Company HR Means needs to have the right positive attitude and problem-solving approach towards work.

13. Motivational attitude

Motivation is the biggest driving factor to keep the employees with the company for a longer duration. Every employee has different factors of motivation. Some people need monetary motivation, some need appreciation as motivation, for some employees the brand name is the motivating factor, for some, it is the immediate supervisor who is the real motivator, etc.

The Company HR Means needs to have a motivational approach. Every time he talks to his co-workers he needs to display the motivational attitude that will keep the employees working hard towards the development and profit-earning motive of the company. The HR of the company needs to be very good at motivating skills.

14. Influencing personality

Some people are born charmers and they have a very influential personality, such people have these skills by birth; whereas some people develop the influential nature of time and with the help of HR management experience.

Come what may let the skills be natural or developed the Company HR Means needs to have a very influential person. He should have the knack of influencing people, be it co-workers, vendors, clients by talking to them. People should like talking, getting solutions and keep up the good relationship with the HR manager and his team.

15. Appropriate experience

No one can simply become a manager or a leader somewhere and just somehow. To become a leader or to become a manager one needs to have appropriate experience. Experience of working as a team member, working as a normal HR executive, knowing the type of issues that come up and resolution to these problems comes with the experience you gain before you become a leader.

Now before appointing an executive or a senior executive, the company checks the background of the employee, the experience, the knowledge levels and their skills.

Hence before employing the HR manager you need to check their work experience and achievements as an HR executive and a senior HR executive. It is very important to hire the HR manager who has the appropriate experience as an HR either in the same company or another company. This is all about the Company HR Means need to have the skills.

Conclusion

Before hiring an employee and making them a part of your esteemed organization you need to make sure that the person you are hiring is efficient and skilled enough for the domain you are hiring them for.

Similarly, before you hire an HR manager you need to make sure he has most of the skills the HR manager must-have. Starting from the right communication skill to the right experience of leading the team the HR manager requirements should be a professional with tact along with being a people's person, he should know how to display his skill as and when and where he requires to display them.

Each employee of the company is very important and very precious to the company for they are trained professionals in various skills and domains. Hence an appropriate HR manager with an

appropriate HR team is very important to handle the employees of the entire company. The team is driven by the leader hence the HR leader needs to be appropriately skilled.

## **HR Environment**

### **Environment in Human Resource Management:**

**Internal and External Environment:** Environment comprises all those forces which have their bearing on the functioning of various activities including human resource activities. Environment scanning helps HR manager become proactive to the environment which is characterized by change and intense competition. Human resource management is performed in two types of environments- internal and external.

### **These are discussed one by one:**

#### Internal Environment:

These are the forces internal to an organisation. Internal forces have profound influence on HR functions. The internal environment of HRM consists of unions, organizational culture and conflict, professional bodies, organisational objectives, policies, etc. A brief mention of these follows.

#### Unions:

Trade unions are formed to safeguard the interest of its members/workers. HR activities like recruitment, selection, training, compensation, industrial relations and separations are carried out in consultation with trade union leaders.

#### Organizational Culture and Conflict:

As individuals have personality, organizations have cultures. Each organization has its own culture that distinguishes one organization from another. Culture may be understood as sharing of some core values or beliefs by the members of the organization "Value for time" are the culture of Reliance Industries Limited. The culture of Tata conglomerate is "get the best people and set them free".

HR practices need to be implemented that best fit the organization's culture. There is often conflict between organizational culture and employee's attitude. Conflict usually surfaces because of dualities such as personal goal vs. organizational goal, discipline vs. autonomy, rights vs. duties, etc. Such conflicts have their bearings on HR activities in an organization.

**Professional Bodies:**

Like other professional bodies, the NIPM as the HR professional body regulates the functions of HR practitioners in India. For this the NIPM in of ethics which the HR practitioners are expected to declare their allegiance to the code (see Figure 2.2). Thus, professional bodies also influence HR functions of an organization.

**External Environment:**

External environment includes forces like economic, political, technological, demographic etc. these exert considerable influence on HRM. Each of these external forces is examined here.

**Economic:**

Economic forces include growth rate and strategy, industrial production, national and per capita incomes, money and capital markets, competitions, industrial labor and globalization. All these forces have significant influence on wage and salary levels. Growing unemployment and reservation in employment also affect the choice for recruitment and selection of employees in organizations.

**Political:**

Political environment covers the impact of political institutions on HRM practices. For example, democratic political system increases the expectations of workers for their well-being.

**The total political environment is composed of three institutions:**

**1. Legislature:**

This is called Parliament at the central level and Assembly at the state level A plethora of labour laws are enacted by the legislature to regulate working conditions and employment relations.

**2. Executive:**

It is the Government that implements the law. In other words, the legislature decides and the executive acts.

**3. Judiciary:**

This is like a watchdog above the two. It ensures that both the legislature and the executive work within the confines of the constitution and also in the overall interest of the people. These affect, in one way or the other, all HR activities from planning to placement to training to retention and maintenance.



Technological:

Technology is a systematic application of organised knowledge to practical tasks.

**Technological advances affect the HR functions in more than one way:**

First; technology makes the job more intellectual or upgraded.

Second, it renders workers dislocated if they do not equip themselves to the job.

Third, job becomes challenging for the employees who cope with the requirements of technology

Fourth, technology reduces human interaction at the work place. Finally job-holders become highly professionalized and knowledgeable in the job they perform.

Demographic:

Demographic variables include sex, age, literacy, mobility, etc. Modern work force is characterized by literate, women and scheduled caste and scheduled tribes workers. Now, workers are called 'knowledge workers' and the organisations wherein they work are called 'knowledge organisations'.

As such, the traditional line of distinction between manual and non-manual workers is getting blurred. Employees are demanding parity in remuneration and responsibility among various categories and levels of employees.

### **Major Challenges of HRM**

Some of the major challenges faced by human resource managers are as follows: 1. Recruitment and Selection 2. Emotional and Physical Stability of Employees 3. Balance Between Management and Employees 4. Training, Development and Compensation 5. Performance Appraisal 6. Dealing with Trade Union.

#### **1. Recruitment and Selection:**

Finding a suitable candidate for the job from a large number of applicants is a basic problem for the human resource manager. They have to make suitable changes from time to time in the selection procedure and see to it that the candidate is up to the mark fulfilling the job requirements. If required, the candidate should be provided with training to get quality results.

**2. Emotional and Physical Stability of Employees:**

Providing with wages and salaries to employees is not sufficient in today's world. The human resource manager should maintain proper emotional balance of employees. They should try to understand the attitude, requirements and feelings of employees, and motivate them whenever and wherever required.

**3. Balance Between Management and Employees:**

The human resource manager has a responsibility to balance the interest of management and employees. Profits, commitment, cooperation, loyalty, and sincerely are the factors expected by management, whereas better salaries and wages, safety and security, healthy working conditions, career development, and participative working are the factors expected by employees from management.

**4. Training, Development and Compensation:**

A planned execution of training programmes and managerial development programmes is required to be undertaken to sharpen and enhance the skills, and to develop knowledge of employees. Compensation in the form of salary, bonus, allowances, incentives and perquisites is to be paid according to the performance of people. A word or letter of appreciation is also to be given, if some of them have done their jobs beyond expectations to keep their morale up.

**5. Performance Appraisal:**

This activity should not be considered a routine process by the human resource manager. If employees are not getting proper feedback from them, it may affect their future work. A scientific appraisal technique according to changing needs should be applied and the quality of it should be checked from time to time.

**6. Dealing with Trade Union:**

Union members are to be handled skillfully as they are usually the people who oppose the company policies and procedures. Demands of the union and interests of the management should be matched properly.

**Unit II: Human Resource Planning:**

Meaning and Definition, Importance of HRP- Factors affecting HRP, Planning Process. Job Analysis and Design: meaning and definition- Job description and Job Specification, process of

Job analysis, purpose of job analysis- Job Design – meaning, factors affecting job design – organizational factors, environmental factors, behavioral elements, job design approaches.

Human resources undoubtedly play the most important part in the functioning of an organization. The term 'resource' or 'human resource' signifies potentials, abilities, capacities, and skills, which can be developed through continuous interaction in an organizational setting.

The interactions, interrelationships, and activities performed all contribute in some way or other to the development of human potential. Organizational productivity, growth of companies, and economic development are to a large extent contingent upon the effective utilization of human capacities.

Hence, it is essential for an organization to take steps for effective utilization of these resources. In the various stages in the growth of an organization, effective planning of human resources plays a key role. Matching the requirements of the job with the individual is important at all stages, including the recruitment procedures, in this endeavour.

When organizations contemplate diversification or expansion, or when employees have to be promoted, human resource planning plays an important role. Further, the organizational plans, goals, and strategies also require effective human resource planning.

### **Meaning of Human Resource Planning**

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

According to Leon C. Megginson human resource planning is “an integrated approach to performing the planning aspects of the personnel function in order to have a sufficient supply of adequately developed and motivated people to perform the duties and tasks required to meet organisational objectives and satisfy the individual needs and goals of organisational members.”

Human resource planning may be viewed as foreseeing the human resource requirements of an organisation and the future supply of human resources and- (i) making necessary adjustments between these two and organisational plans; and (ii) foreseeing the possibility of developing the supply of human resources in order to match it with requirements by introducing necessary changes in the functions of human resource management. In this definition, human resource

means skill, knowledge, values, ability, commitment, motivation, etc., in addition to the number/of employees.

**Human resource planning (HRP)** is the first step in the HRM process. HRP is the process by which an organization ensures that it has the right number and kind of people, at the right place, at the right time, capable of effectively and efficiently completing those tasks that will help the organization achieve its overall objectives.

HRP translates the organization's objectives and plans into the number of workers needed to meet those objectives. The actual HRM process starts with the estimation of the number and kind of people required by the organization for the coming period.

HRP is also known by other names such as 'Manpower Planning', 'Employment Planning', 'Labour Planning', 'Personnel Planning', etc. HRP is a sub-system in the total organizational planning. In other words, HRP is derived from the organizational planning just like production planning, sales planning, material planning, etc.

### **Human Resource Planning – Need and Importance:**

**The following points highlight the need and importance of HRP in the organizations:**

#### **I. Assessing Future Personnel Needs:**

Whether it is surplus labour or labour shortage, it gives a picture of defective planning or absence of planning in an organization. A number of organizations, especially public sector units (PSUs) in India are facing the problem of surplus labour.

It is the result of surplus labour that the companies later on offer schemes like Voluntary Retirement Scheme (VRS) to eliminate surplus staff. Thus, it is better to plan well about employees in advance. Through HRP, one can ensure the employment of proper number and type of personnel.

#### **II. Foundation for Other HRM Functions:**

HRP is the first step in all HRM functions. So, HRP provides the essential information needed for the other HRM functions like recruitment, selection, training and development, promotion, etc.

#### **III. Coping with Change:**

Changes in the business environment like competition, technology, government guidelines, global market, etc. bring changes in the nature of the job. This means changes in the demand of personnel, content of job, qualification and experience needed. HRP helps the organization in adjusting to new changes.

#### **IV. Investment Perspective:**

As a result of change in the mindset of management, investment in human resources is viewed as a better concept in the long run success of the enterprise. Human assets can increase in value as opposed to physical assets. Thus, HRP is considered important for the proper planning of future employees.

**V. Expansion and Diversification Plans:**

During the expansion and diversification drives, more employees at various levels are needed. Through proper HRP, an organization comes to know about the exact requirement of personnel in future plans.

**VI. Employee Turnover:**

Every organization suffers from the small turnover of labour, sometime or the other. This is high among young graduates in the private sector. This necessitates again doing manpower planning for further recruiting and hiring.

**VII. Conformity with Government Guidelines:**

In order to protect the weaker sections of the society, the Indian Government has prescribed some norms for organizations to follow. For example, reservations for SC/ST, BC, physically handicapped, ex-servicemen, etc. in the jobs. While planning for fresh candidates, HR manager takes into consideration all the Government guidelines.

**VIII. International Expansion Strategies:**

International expansion strategies of an organization depend upon HRP. Under International Human Resource Management (IHRM), HRP becomes more challenging. An organization may want to fill the foreign subsidiary's key positions from its home country employees or from host-country or from a third country. All this demands very effective HRP.

**IX. Having Highly Talented Manpower Inventory:**

Due to changing business environment, jobs have become more challenging and there is an increasing need for dynamic and ambitious employees to fill the positions. Efficient HRP is needed for attracting and retaining well qualified, highly skilled and talented employees.

Human Resource Planning – Objectives:

**The main objectives of HRP are:**

- (i) Proper assessment of human resources needs in future.
- (ii) Anticipation of deficient or surplus manpower and taking the corrective action.
- (iii) To create a highly talented workforce in the organization.
- (iv) To protect the weaker sections of the society.

(v) To manage the challenges in the organization due to modernization, restructuring and re-engineering.

(vi) To facilitate the realization of the organization's objectives by providing right number and types of personnel.

**ADVERTISEMENTS:**

(vii) To reduce the costs associated with personnel by proper planning.

(viii) To determine the future skill requirements of the organization.

(ix) To plan careers for individual employee.

(x) Providing a better view of HR dimensions to top management.

(xi) Determining the training and development needs of employees.



**Factors affecting HRP,**

Several factors affect HRP. These factors can be classified into external factors and internal factors.

**External Factors:**

i. Government Policies – Policies of the government like labour policy, industrial relations policy, policy towards reserving certain jobs for different communities and sons-of the soil, etc. affect the HRP.

ii. Level of Economic Development – Level of economic development determines the level of HRD in the country and thereby the supply of human resources in the future in the country.

iii. Business Environment – External business environmental factors influence the volume and mix of production and thereby the future demand for human resources.

iv. Level of Technology – Level of technology determines the kind of human resources required.

v. International Factors – International factors like the demand for resources and supply of human resources in various countries.

vi. Outsourcing – Availability of outsourcing facilities with required skills and knowledge of people reduces the dependency on HRP and vice-versa.

**Internal Factors:**

- i. Company policies and strategies – Company policies and strategies relating to expansion, diversification, alliances, etc. determines the human resource demand in terms of quality and quantity.
- ii. Human resource policies – Human resources policies of the company regarding quality of human resource, compensation level, quality of work-life, etc., influences human resource plan.
- iii. Job analysis – Fundamentally, human resource plan is based on job analysis. Job description and job specification determines the kind of employees required.
- iv. Time horizons – Companies with stable competitive environment can plan for the long run whereas the firms with unstable competitive environment can plan for only short- term range.
- v. Type and quality of information – Any planning process needs qualitative and accurate information. This is more so with human resource plan; strategic, organisational and specific information.
- vi. Company's production operations policy – Company's policy regarding how much to produce and how much to buy from outside to prepare a final product influence the number and kind of people required.
- vii. Trade unions – Influence of trade unions regarding number of working hours per week, recruitment sources, etc., affect the HRP.

#### Human Resource Planning Process

Different institutions make HRP at different levels for their own purposes, of which national level, industry level, unit level, departmental level and job level are important.

- i. National level – Generally, government at the centre plan for human resources at the national level. It forecasts the demand for and supply of human resource, for the entire nation.
- ii. Sector level – Manpower requirements for a particular sector like agricultural sector, industrial sector or tertiary sector are projected based on the government policy, projected output/operations, etc.
- iii. Industry level – Manpower needs of a particular industry like cement, textiles, chemical are predicted taking into account the output/operational level of that particular industry.
- iv. Unit level – This covers the estimation of human resource needs of an organisation or company based on its corporate/business plan.
- v. Departmental level – This covers the manpower needs of a particular department in a company.
- vi. Job level – Manpower needs of a particular job family within department like Mechanical Engineer is forecast at this level.

vii. Information technology – The impact of information technology on business activities, human resource requirement and human resource plan is significant. It requires multi skilled experts, preferably less in number.

**JOB ANALYSIS** Job Design Job analysis is a process of determining which characteristics are necessary for satisfactory job performance and analyzing the environmental conditions in which the job is performed. It analyzes the work content of job & job content of work. The process of job analysis leads to development of two documents viz., job description and job specification.

**Job description** indicates the tasks and responsibilities, job title, duties, machines, tools and equipment, working conditions and occupational hazards that form part of the job whereas

**Job specification** comprises of the capabilities required to perform job, education, experience, training, judgmental skills, communication skills and personal skills required to perform the job effectively. Significance of Job Analysis Job analysis is a vital tool in taking a variety of human resource decisions. It is used to design and execute a number of human resource management activities and programs. They are described here:

1. Manpower Planning: job analysis helps in forecasting manpower requirements based on the knowledge and skills and quality of manpower needed in organization.
2. Recruitment: A carefully designed job analysis provides information as to what sources of recruitment are to be used to hire employees. For example, job analysis in a retail stores about merchandise sorters tells that village level schools are potential source of recruitment.
3. Selection: Selection of the right candidate to the right job can only be done with the help of job analysis. In the case of retail stores, a billing assistant can be selected with the knowledge of accounting, cash, and computer operations. This is possible with the help of job analysis.
4. Training and Career Development: Job analysis provides valuable information to develop training programs. It provides information about what skills are to be trained. It also provides information about various techniques to be used in career development of employees.
5. Placement and socialization: After people are selected and trained, they must be placed in suitable jobs. Job analysis provides information about the suitability of jobs. A clear job analysis guides the process to socialize the employees to develop sound relationships with all those persons.
6. Compensation: Job analysis provides information as to how much compensation and other financial and non-financial benefits to be associated with each job.
7. Employee Safety and Welfare: Job analysis details information on working conditions. Thus, management tries to provide safety and welfare measures that are outlined in job analysis.



8. Performance Appraisal: Performance of employees is appraised based on standard criteria provided in the job analysis. 9. Counselling: A good job analysis provides information to the superiors about the jobs. They use this information to guide and counsel employees about their career options, performance, training requirements and skill up-gradation. 18 Human Resources  
10. Strategic Planning: Job analysis enables human resource manager to develop a long-range strategic plan in all concerned areas of human resources.

### **Components of Job Analysis**

**1. Job Description:** It is an important document. It is descriptive in nature. It is useful to identify a job for consideration by job analyst. Important questions to be answered through job description are: What should be done? - Why it should be done? -Where it should be done? There is no universal format of writing job description. According to Ghorpade the following information is common in most of the job descriptions.

Job title: title of the job and other identifying information such as wages, salaries, other benefits

- Summary: summary is written in one or two lines that describes what outputs are expected from job incumbents.

- Equipment: a clear statement of tools, equipment and other information required to perform job effectively.

- Environment: a clear description of the working conditions of the job, the location and other characteristics of work environment such as hazards, noise, temperature, cleanliness etc.

- Activities: a description about the job duties, responsibilities, and expected behaviour on the job. A description of social interactions associated with the job such as the size of work group, interpersonal interaction on the job is made. Job analyst writes job description in consultations with the workers and supervisors. After writing draft job description, comments and criticism are invited to improve its content. Final draft is then prepared. Job description is written either by making personal observation or using questionnaire to collect relevant information from supervisors and workers. Job description should be reviewed from time to time.

**2. Job Specifications:** It also known as man or employee specifications is prepared on the basis of job specification. It specifies the qualities required in a job incumbent for the effective performance of the job. Basic contents of a job specification are as follows:

1. Personal characteristics such as education, job experience, age, sex, and extra co-curricular activities.

2. Physical characteristics such as height, weight, chest, vision, hearing, health, voice poise, and hand and foot coordination, (for specific positions only).
3. Mental characteristics such as general intelligence, memory, judgment, foresight, ability to concentrate, etc.
4. Social and psychological characteristics such as emotional ability, flexibility, manners, drive, conversational ability, interpersonal ability, attitude, values, creativity etc. Various contents of a job specification can be prescribed in three terms:

1. essential qualities which a person must possess;
  2. desirable qualities which a person may possess; and
  3. contra-indicators which are likely to become a handicap to successful job performance
- 19 Job Analysis and Job Design

**Job evaluation:** It is a process of determining the relative worth of a job. It is a process which is helpful even for framing compensation plans by the personnel manager. Job evaluation as a process is advantageous to a company in many ways:

1. Reduction in inequalities in salary structure - It is found that people and their motivation is dependent upon how well they are being paid. Therefore, the main objective of job evaluation is to have external and internal consistency in salary structure so that inequalities in salaries are reduced.
2. Specialization - Because of division of labour and thereby specialization, a large number of enterprises have got hundred jobs and many employees to perform them. Therefore, an attempt should be made to define a job and thereby fix salaries for it. This is possible only through job evaluation.
3. Helps in selection of employees - The job evaluation information can be helpful at the time of selection of candidates. The factors that are determined for job evaluation can be taken into account while selecting the employees.
4. Harmonious relationship between employees and manager - Through job evaluation, harmonious and congenial relations can be maintained between employees and management, so that all kinds of salaries controversies can be minimized.
5. Standardization - The process of determining the salary differentials for different jobs become standardized through job evaluation. This helps in bringing uniformity into salary structure.
6. Relevance of new jobs - Through job evaluation, one can understand the relative value of new jobs in a concern. According to Kimball and Kimball, "Job evaluation represents an effort to determine the relative value of every job in a plant and to determine what the fair basic wage for

such a job should be.” Thus, job evaluation is different from performance appraisal. In job evaluation, worth of a job is calculated while in performance appraisal, the worth of employee is rated.

Process of job analysis:

Job analysis is as useful is not so easy to make. In fact, it involves a process.

**Though there is no fool-proof process of making job analysis, following are the main steps involved in Job Analysis:**

1. Organisational Job Analysis:

Job analysis begins with obtaining pertinent information about a job'. This, according to Terry is required to know the makeup of a job, its relation to other jobs, and its contribution to performance of the organisation.

Such information can be had by dividing background information in various forms such as organisation charts i.e., how the particular job is related to other jobs; class specifications i.e., the general requirement of the job family; job description i.e., starting point to build the revised job description, and flow charts i.e., flow of activities involved in a particular job.

2. Selecting Representative Jobs for Analysis:

Analysing all jobs of an organisation is both costly and time consuming. Therefore, only a representative sample of jobs is selected for the purpose of detailed analysis.

3. Collection of Data for Job Analysis:

In this step, job data features of the job and required qualifications of the employee are collected. Data can be collected either through questionnaire, observation or interviews. However, due care should be taken to select and use the method of data collection that is the most reliable in the given situation of the job.

4. Preparing Job Description:

The job information collected in the above ways is now used to prepare a job description. Job description is a written statement that describes the tasks, duties and responsibilities that need to be discharged for effective job performance.

### 5. Preparing Job Specification:

The last step involved in job analysis is to prepare job specification on the basis of collected information. This is a written statement that specifies the personal qualities, traits, skills, qualification, aptitude etc. required to effectively perform a job.



Fig. 5.1 : The Job Analysis Process

The job analysis process discussed in the above diagram.

**JOB DESIGN** Job Design is next to job analysis. Job design involves systematic attempts to organize tasks, duties and responsibilities into a unit of work to achieve certain objectives. Job design integrates the work content and qualifications required for each job that meets the needs of employee and the organization. Job design makes the job highly specialized and well-designed jobs are important in attracting and retaining a motivated work force. According to Michael Armstrong,

“Job Design is the process of deciding on the contents of a job in terms of its duties and responsibilities, on the methods to be used in carrying out the job, in terms of techniques, systems and procedures, and on the relationships that should exist between the job holder and his superior subordinates and colleagues.”

Job Design is affected by three categories of factors:

**Organizational Factors:** The organizational factors that affect job design are characteristics of task, work flow, ergonomics and work practices.

- Characteristic of task: Each task consists of 3 elements, namely, planning, executing and controlling. Job design involves the assembly of a number of tasks into a job or a group of jobs. A job may require an employee to perform a variety of connected task. All these characteristics of jobs are taken into consideration for job design.

- **Workflow:** The flow of work in an organization is strongly influenced by the nature of the product. This product usually suggests the sequence and balance between jobs if the work is to be completed efficiently.
- **Ergonomics:** Ergonomics is concerned with the designing and shaping of jobs as per the physical abilities and characteristics of individuals so that they can perform their jobs effectively.
- **Work Practices:** Work practices are the set methods of performing work. This can affect the job design as there is little flexibility in designing the job especially if the work practices are approved by employee unions

**Environmental Factors:** Environmental factors affect job design. Environmental factors include employee abilities & availability and Social & Cultural expectations.

- **Employee Abilities & Availability:** Abilities and availability of people plays an important role while designing jobs. Due attention needs to be given to the employee who will actually perform the job.
- **Social and Cultural Expectations:** Jobs should be designed keeping the employees in mind. Due to increase in literacy rate and knowledge, employees are now more aware and only perform jobs that are to their liking and match their profile.
- **Behavioral Factors:** Behavioral factors are related to human needs and they need to be satisfied properly. Behavioral elements include the following:
  - **Feedback:** Employee should be given proper feedback about his job performance. This will enable the employee to improve his performance and complete the job in a proper manner.
  - **Autonomy:** Employee should be given proper autonomy required to perform the work. The absence of autonomy may lead to poor performance on the part of employees.
  - **Use of Abilities:** The job should be designed in such a manner that an employee will be able to use his abilities fully and perform the job effectively.
  - **Variety:** Absence of variety in the job assigned may lead to boredom. Adequate scope to variety factor should be given while designing a job.

### **METHODS OF JOB DESIGN**

**Job Simplification:** In the job simplification technique, the job is simplified or specialized. A given job is divided into small sub-parts and each part is assigned to one individual employee. Job simplification is introduced when job designers feel that the jobs are not specialized enough.

**Job Rotation:** Job rotation implies systematic movement of employees from one job to the other. Job remains unchanged but employees performing them shift from one job to the other. With job rotation, an employee is given an opportunity to perform different jobs, which enriches

his skills, experience and ability to perform different jobs. It is the process of preparing employees at a lower level to replace someone at the next higher level. It is generally done for the designations that are crucial for the effective and efficient functioning of the organization. By this to some extent boredom is reduced. However for this people interest is primary importance. By this they can also learn new things, new techniques, and new ways of doing better work. It may also happen that over a period of time they will be finding a job for which they are better suitable. They can also contribute in a better way to achieve the goals of the organization. This aspect of job rotation can be seen widely applied in Retail scenario, where end user or consumer is in direct presence all through. This has for large extent reduced boredom, reduced irregularities due to familiarity, acquired new skills & assuming new & varied responsibilities. In other words it will lead to better job satisfaction, which is the ultimate goal for better contribution.

**Job Enlargement:** Job enlargement means expanding the scope of the job. Many tasks and duties are aggregated and assigned to a single job. It is opposite to job simplification. Job enlargement is an extension of Job rotation, exposing the people to several jobs without changing the job duties to be performed. He is taken off the boring job for a while & is allowed to take up a related task & so on. Monotony is relieved temporarily. Critics are of the opinion that this approach involves nothing more than having to perform several boring jobs rather than one. Job enlargement is to expand in several tasks than just to do one single task. It is also the horizontal expansion of a job. It involves the addition of tasks at the same level of skill and responsibility. It is done to keep workers from getting bored. This would also be considered multi tasking by which one person would do several persons jobs, saving the company money and man hours that normally would be paid to additional workers. Small companies may not have as many opportunities for promotions, so they try to motivate employees through job enlargement. For example when I worked at a restaurant. I would bus the tables, wash the dishes, and run food upstairs. If they had just one person doing each job on the same night, it would cost the management three times the money. This adds more functions; increases variety of tasks & this is short lived. It cannot enrich the human content of job. The ultimate answer is Job Enrichment.

**Job Enrichment:** Job enrichment means making the job rich in its contents so that an employee will get more satisfaction while performing that job. It upgrades the responsibility, scope and challenge. A vast majority of the jobs are repetitive & monotonous in nature. This results in reducing the motivational content & human element of the job with repercussions on performance. In enriched jobs, people complete activities with increased freedom, independence,

and responsibility. They also receive plenty of feedback, so that they can assess and correct their own performance. Job Enrichment tries to embellish the job with factors of motivation: Achievement – Recognition – Increased Responsibilities – Self Involvement – Opportunities for Growth – Advancement – Increased Competence. Job Enrichment is concerned with redesigning the job to include a variety of work content; that gives the person more autonomy & responsibility for planning, directing & controlling his own performance & provide opportunity for personal growth & meaningful work experience. Job Enrichment also for decentralization of decision making rights to individual over areas that directly affect his task functions. The emphasis is on the result of efforts rather than the procedure to carry out the work, thus making the job result oriented. This also results in motivation, satisfaction in believing oneself to be personally accountable for results & being able to know how satisfactory ones efforts are. By Job Enrichment, condition or state of human capabilities which were not fully utilized & creation of frustration among the individual is removed to the extent possible.

**Unit III: Recruitment and Selection:** meaning and definition of Recruitment, purpose and importance of Recruitment, Factors Affecting Recruitment, process of recruitment, **Selection** – meaning and definition, Selection Process, Application Forms, Selection Test, Interviews, Evaluation, orientation, Placement.

Meaning and definition of Recruitment:

Recruitment is the generating of applications or applicants for specific positions to be filled up in the organisation. In other words, it is a process of searching for and obtaining applicants for jobs so that the right people in right number can be selected. Go through the following definitions of recruitment. These will help you understand the meaning of recruitment in a better manner.

According to Dale Yoder, “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”.

In the words of Werther and Davis, “Recruitment is the process of finding and attracting capable applicants for employment. The process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applicants from which new employees are selected”.

Flippo has defined recruitment as “a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organisation”.

According to Bergmann and Taylor “Recruitment is the process of locating, identifying, and attracting capable applicants”.

Recruitment can now easily be defined as the process of searching for and securing applicants for the various job positions which arise from time to time in the organisation.

Factors affecting recruitment:

There are a number of factors that affect recruitment.

**These are broadly classified into two categories:**

1. Internal Factors

2. External Factors

These are discussed one by one.

1. Internal Factors:

The internal factors also called endogenous factors are the factors within the organisation that affect recruiting personnel in the organisation. Some of these are mentioned here.

**a. Size of the Organisation:**

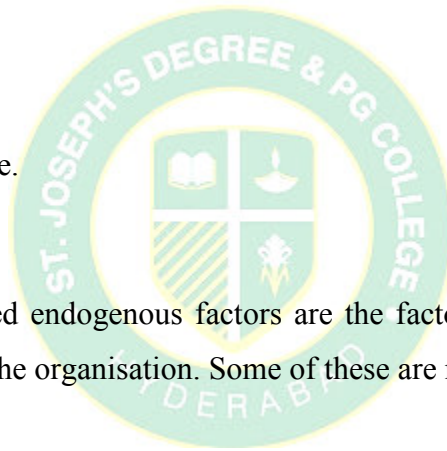
The size of an organisation affects the recruitment process. Experience suggests that larger organisations find recruitment less problematic than organisations with smaller in size.

**b. Recruiting Policy:**

The recruiting policy of the organisation i.e., recruiting from internal sources (from own employees) and from external sources (from outside the organisation) also affects recruitment process. Generally, recruiting through internal sourcing is preferred, because own employees know the organisation and they can well fit into the organisation’s culture.

**c. Image of Organisation:**

Image of organisation is another internal factor having its influence on the recruitment process of the organisation. Good image of the organisation earned by a number of overt and covert actions





by management helps attract potential and competent candidates. Managerial actions like good public relations, rendering public services like building roads, public parks, hospitals and schools help earn image or goodwill for the organisation. That is why blue chip companies attract large number of applications.

**d. Image of Job:**

Just as image of organisation affects recruitment so does the image of a job also. Better remuneration and working conditions are considered the characteristics of good image of a job. Besides, promotion and career development policies of organisation also attract potential candidates.

**2. External Factors:**

Like internal factors, there are some factors external to organisation which has their influence on recruitment process.

**Some of these are given below:**

**a. Demographic Factors:**

As demographic factors are intimately related to human beings, i.e., employees, these have profound influence on recruitment process. Demographic factors include sex, age, literacy, economic status etc.

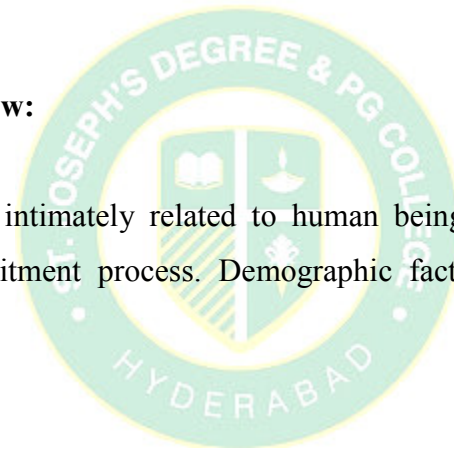
**b. Labour Market:**

Labour market conditions i.e., supply and demand of labour is of particular importance in affecting recruitment process. For example, if the demand for a specific skill is high relative to its supply, recruiting employees will involve more efforts. On the contrary, if supply is more than demand for a particular skill, recruitment will be relatively easier.

**c. Unemployment Situation:**

The rate unemployment is yet another external factor having its influence on the recruitment process. When the unemployment rate in a given area is high, the recruitment process tends to be simpler. The reason is not difficult to seek. The number of applicants is expectedly very high which makes easier to attract the best qualified applicants. The reverse is also true. With a low rate of unemployment, recruiting process tends to become difficult.

**d. Labour Laws:**



There are several labour laws and regulations passed by the Central and State Governments that govern different types of employment. These cover working conditions, compensation, retirement benefits, and safety and health of employees in industrial undertakings.

Child Labour (Prohibition and Regulation) Act, 1986, for example, prohibits employment of children in certain employments. Similarly, several other acts such as Employment Exchange (Compulsory Notification of Vacancies) Act, 1959, the Apprentices Act, 1961; the Factory Act, 1948 and the Mines Act, 1952 deal with recruitment.

**e. Legal Considerations:**

Another external factor is legal considerations with regard to employment. Reservation of jobs for the scheduled castes, scheduled tribes, and other backward classes (OBCs) is the popular example of such legal consideration. The Supreme Court of India has given its verdict in favour of 50 per cent of jobs and seats. This is so in case of admissions in the educational institutions also.

A recruitment basically consists of three distinct phases. The work before posting an ad for the vacant position, the selection process and finally choosing the right candidate. Below we've put together a template for what a recruitment process might look like as inspiration for how to organize your future recruitments.

**1) Preparation**

This is where you first identify the need for a new employee. You set the frame for the position and a profile of required competencies and skills for the new hire. A part of the preparation process is also to put together a job ad and choosing the proper communication channels to spread the message.

Don't forget to include hiring managers early on so they are in the know as to how the recruitment will unfold and what they are expected to do.

## 2) Receive applications

Your ad has been posted and the pile of applications is steadily growing. An important step of creating a good candidate experience is to confirm to applicants that their application has been received.

For those using an ATS (application tracking system, also known as a recruitment system) this phase of the recruitment process is more or less completely automated. Collecting and organizing applications as well as sending automated replies is done without effort. For those still receiving applications by email this step can be a real energy drainer, with a lot of time going to administration (organizing and registering applications) and replying to candidates.

## 3) Selection stage 1: Weed out unqualified applicants

We've now started the selection process of the recruitment. The selection process can in turn be divided into several smaller steps, where each stage eliminates further candidates who are not suited for the position. A first selection is done to eliminate unqualified applicants who don't meet the basic requirements for the position.

Basic requirements can for example be that a taxi-driver should have a driver's license, that an installer of air conditioning units need to have the proper training background or that a nurse has a valid medical license.

By using selection questions as part of the application process, basically asking if the applicant meets the requirement or not, you can quickly discern who does and does not meet the basic requirements. Remember to always get in touch with these applicants to inform them that they have not made it through to the next round, preferably making it clear that it's because they don't meet the basic requirements.

## 4) Selection stage 2: Rating and ranking candidates

The next step of the selection process is to figure out which applicants should be asked to come to an interview. In other words, you should rank candidates according to which are the most to least interest to meet with. The rating should be based on how well the candidate fits the profile of requirements and skills needed for the position.

This is one of the most time-consuming steps where most spend their time reading through resumes and cover letters. An alternative method with much less need for hands on assessment, and thusly a time saver, is to use screening tests.

Depending on the number of applicants or how many suit the profile, you may want to meet all remaining candidates, or just a chosen few at the top of the list.

#### 5) Selection stage 3: Interviews

Without going into great detail about how to conduct a good interview, it's at least worth mentioning the role of the interview in the recruitment process. More often than not, it's the first time you meet the candidate in person, and the meeting exists just as much for your sake as for theirs. With several rounds of interviews the candidate can get the opportunity to meet their future manager, ask

If you reject a candidate after conducting an interview, you should provide some form of personalized message or be in touch with them through telephone. For a better candidate experience, it's appreciated if you also include feedback to why the applicant didn't move forward in the process.

#### 6) Selection stage 4: Simulated work exercise

Follow up on your top candidates from the last round of interview with conducted a simulated work exercise. It's a way to check if the candidate you've assessed as being highly qualified and suited for the job can actually deliver in a future work situation.

For some roles, the work exercise could be changed to conducting a "technical interview" where the candidate is questioned by a peer about their area of expertise to assess whether the candidate possesses the right problem-solving skills and understands working processes.

7) Offer and tying off loose ends

**The top candidate gets an offer, and once all papers have been signed it's time to finish up the recruitment. All applicants should at some point be informed that they were not chosen for the position**

Selection Process: Definition, Steps in Selection Process

Selection is the process of choosing the most suitable candidates from those who apply for the job. It is a process of offering jobs to desired candidates.

Once the potential applicants are identified, the next step is to evaluate their qualification, qualities, experience, capabilities, etc. & make the selection. It is the process of offering jobs to the desired applicants.

Selection means choosing a few from those who apply. It is picking up of applicants or candidates with requisite qualifications and qualities to fill jobs in the organization.

Definition of Selection

According to Harold Koontz, "Selection is the process of choosing from the candidates, from within the organization or from outside, the most suitable person for the current position or for the future positions."

Dale Yoder said, "Selection is the process by which candidates for employment are divided into classes those who will be offered employment and those who will not."

David and Robbins said, "Selection process is a managerial decision-making process as to predict which job applicants will be successful if hired."

According to R.M. Hodgetts, "Selection is the process in which an enterprise chooses the applicants who best meet the criteria for the available positions."

Selection is the process of choosing from a group of applicants those individuals best suited for a particular position.

Most managers recognize that employee selection is one of their most difficult, and most important, business decisions.

This process involves making a judgment -not about the applicant, but about the fit between the applicant and the job by considering knowledge, skills and abilities and other characteristics required to perform the job Selection procedures are not carried out through standard pattern and steps in this.

The process can vary from organization to organization some steps performed and considered important by one organization can be skipped by other organization.

Personnel Selection is the methodical placement of individuals into jobs. Its impact on the organization is realized when employees achieve years or decades of service to the employer.

The process of selection follows a methodology to collect information about an individual in order to determine if that individual should be employed. The methodology used should not violate any laws regarding personnel selection.

### **Steps in Selection Process**

The selection process typically begins with the preliminary interview; next, candidates complete the application for employment.

They progress through a series of selection tests, the employment interview, and reference and background checks. The successful applicant receives a company physical examination and is employed if the results are satisfactory.

Several external and internal factors impact the selection process, and the manager must take them into account in making selection decisions.

Typically selection process consists of the following steps but it is not necessary that all organization go through all these steps as per the requirement of the organization some steps can be skipped while performing the selection process.



1. Initial Screening.
2. Completion of the Application Form.
3. Employment Tests.
4. Job Interview.
5. Conditional Job Offer.
6. Background Investigation.

7. Medical Examination.

8. Permanent Job Offer.

## 1. Initial Screening

The selection process often begins with an initial screening of applicants to remove individuals who obviously do not meet the position requirements.

At this stage, a few straight forward questions are asked. An applicant may obviously be unqualified to fill the advertised position, but be well qualified to work in other open positions.

The Purpose of Screening is to decrease the number of applicants being considered for selection.

### **Sources utilized in the screening effort**

Personal Resume presented with the job application is considered a source of information that can be used for the initial screening process. It mainly includes information in the following areas:

- Employment & education history.
- Evaluation of character.
- Evaluation of job performance.

### **Advantages of Successful Screening**

If the screening effort is successful, those applicants that do not meet the minimum required qualifications will not move to the next stage in the selection process. Companies utilizing expensive selection procedures put more effort into screening to reduce costs.

## 2. Completion of the Application Form

Application Blank is a formal record of an individual's application for employment. The next step in the selection process may involve having the prospective employee complete an application for employment.



This may be as brief as requiring only an applicant's name, address, and telephone number. In general terms, the application form gives a job-performance-related synopsis of applicants' life, skills and accomplishments.

The specific type of information may vary from firm to firm and even by job type within an organization. Application forms are a good way to quickly collect verifiable and fairly accurate historical data from the candidate.

### 3. Employment Tests

Personnel testing is a valuable way to measure individual characteristics.

Hundreds of tests have been developed to measure various dimensions of behavior. The tests measure mental abilities, knowledge, physical abilities, personality, interest, temperament, and other attitudes and behaviors.

Evidence suggests that the use of tests is becoming more prevalent for assessing an applicant's qualifications and potential for success. Tests are used more in the public sector than in the private sector and in medium-sized and large companies than in small companies.

Large organizations are likely to have trained specialists to run their testing programs.

#### **Advantages of using tests**

Selection testing can be a reliable and accurate means of selecting qualified candidates from a pool of applicants.

As with all selection procedures, it is important to identify the essential functions of each job and determine the skills needed to perform them.

#### **Potential Problems using Selection tests**

Selection tests may accurately predict an applicant's ability to perform the job, but they are less successful in indicating the extent to which the individual will want to perform it.

Another potential problem, related primarily to personality tests and interest inventories, has to do with applicants honesty. Also, there is the problem of test anxiety.

Applicants often become quite anxious when confronting yet another hurdle that might eliminate them from consideration.

#### 4. Job Interview

An interview is a goal-oriented conversation in which the interviewer and applicant exchange information. The employment interview is especially significant because the applicants who reach this stage are considered to be the most promising candidates.

#### **Interview Planning**

Interview planning is essential to effective employment interviews.

The physical location of the interview should be both pleasant and private, providing for a minimum of interruptions. The interviewer should possess a pleasant personality, empathy and the ability to listen and communicate effectively.

He or she should become familiar with the applicant's qualifications by reviewing the data collected from other selection tools. In preparing for the interview, a job profile should be developed based on the job description.

#### **Content of the Interview**

The specific content of employment interviews varies greatly by an organization and the level of the job concerned.

1. **Occupational experience:** Exploring an individual's occupational experience requires determining the applicant's skills, abilities, and willingness to handle responsibility.
2. **Academic achievement:** In the absence of significant work experience, a person's academic background takes on greater importance.

3. **Interpersonal skills:** If an individual cannot work well with other employees, chances for success are slim. This is especially true in today's world with increasing emphasis being placed on the use of teams.
4. **Personal qualities:** Personal qualities normally observed during the interview include physical appearance, speaking ability, vocabulary, poise, adaptability, and assertiveness.
5. **Organizational fit:** A hiring criterion that is not prominently mentioned in the literature is organizational fit. Organizational fit is ill-defined but refers to management's perception of the degree to which the prospective employee will fit in with, for example, the firm's culture or value system.

#### 5. Conditional Job Offer

Conditional job offer means a tentative job offer that becomes permanent after certain conditions are met.

If a job applicant has passed each step of the selection process so far, a conditional job offer is usually made.

In essence, the conditional job offer implies that if everything checks out – such as passing a certain medical, physical or substance abuse test – the conditional nature of the job offer will be removed and the offer will be permanent.

#### 6. Background Investigation

Background Investigation is intended to verify that information on the application form is correct and accurate.

This step is used to check the accuracy of application form through former employers and references. Verification of education and legal status to work, credit history and criminal record are also made.

Personal reference checks may provide additional insight into the information furnished by the applicant and allow verification of its accuracy.

Past behavior is the best predictor of future behavior. It is important to gain as much information as possible about past behavior to understand what kinds of behavior one can expect in the future.

Knowledge about attendance problems, insubordination issues, theft, or other behavioral problems can certainly help one avoid hiring someone who is likely to repeat those behaviors.

Background investigations primarily seek data from references supplied by the applicant including his or her previous employers. The intensity of background investigations depends on the level of responsibility inherent in the position to be filled.

**Common sources of background information include:**

- References are provided by the applicant and are usually very positive.
- Former employers should be called to confirm the candidate's work record and to obtain their performance appraisal.
- Educational accomplishments can be verified by asking for transcripts.
- Legal status to work.
- Credit references, if job-related.
- Criminal records can be checked by third-party investigators.
- Background checks are conducted by third-party investigators.
- Online searches as simple as "Google" search of a candidate can turn up information on press releases or news items about a candidate that was left off the application or resume.

**7. Medical/Physical Examination**

After the decision has been made to extend a job offer, the next phase of the selection process involves the completion of a medical/physical examination.

This is an examination to determine an applicant's physical fitness for essential job performance.

Typically, a job offer is contingent on successfully passing this examination.

For example, firefighters must perform activities that require a certain physical condition. Whether it is climbing a ladder, lugging a water-filled four-inch hose or carrying an injured victim, these individuals must demonstrate that they are fit for the job.

## 8. Permanent Job Offer

Individuals who perform successfully in the preceding steps are now considered eligible to receive the employment offer. The actual hiring decision should be made by the manager in the department where the vacancy exists.

### **Notification to Candidates**

The selection process results should be made known to candidates—successful and unsuccessful—as soon as possible.

Any delay may result in the firm losing a prime candidate, as top prospects often have other employment options. As a matter of courtesy and good public relations, the unsuccessful candidates should also be promptly notified.

### **Ways of Making an Effective Employee Selection**

All companies, irrespective of size, make hiring mistakes, but here are few tips experts /suggest to help avoid making them.

#### **Determine the criteria a candidate must meet**

Before filling a position, the HR manager of a company must clearly define the skills, experience, character, 'educational background, work experience, technical skills and competencies, they must possess.

#### **Hiring without testing**

Skill testing is a must. Every job has some form of measurable, objective performance standard. Identify it and test for it.

There are tests that can indicate if a job candidate meets the required criteria. With these pre-hire screening tools, a recruiter can test the knowledge of potential hires before they are extended an offer.

#### Hiring after the first interview

It is important to have several interviews with the same person — and not to hire from one interview. The person may not present the same later, and HR manager may get fresh insights from different meetings.

#### Underestimating the unemployed.

A person who does not have a job at the moment may be the right fit for the position. They are plenty of good talent out there that are not hired.

#### Poor or no reference checking

It is important to know how to conduct a detailed 'reference check. A proper reference check verifies job skills and the behavioral fit in which the person operates. It is essential to conduct an extensive background investigation and reference checks.

#### Avoid hiring out of desperation

Too many hiring decisions are made out of operation. The following scenarios occur repeatedly; a key manager quits and must be replaced now; rapid growth forces a company to fill positions without enough forethought; programmers are so scarce that anyone will do.

If we hire employees in haste, we may find out later that the new recruits are not trustworthy or competent.

If an HR manager is unable to conduct a thorough, timely hiring process, hire a temporary or leased employee or borrow an employee from another company.

#### Watch out for fascination

A series of surveys have revealed that during the hiring process, most interviewers made their decision-up or down within the first 10 minutes of the interview.

They then spent the next 50 minutes internally justifying that decision. We buy cars in the same way.

First, we choose the car we want to buy from an emotional standpoint and then search for objective data to justify that emotional decision.

We all know that facts tell, but emotions sell. The recruiter can guard against obsession by having coworkers' interview prospects, having group interviews, and by conducting follow-up interviews.

Carefully evaluate candidates recommended by employees and associates.

Just because someone recommends a person they think would be highly capable for a particular position doesn't mean that person is qualified.

We have seen many occasions where someone was hired without going through the usual evaluation process simply because they were recommended by another employee or colleague. Follow the usual channels and requirements when anyone—no matter how highly recommended—seeks to work for the organization.

Do not blindly promote from within

It is widely believed that the HR manager should recruit employees from within the organization. The best performers are not necessarily always the most qualified candidates for a specific job. This is especially true when promoting to the management level.

Simply because someone is particularly adept at handling a certain function doesn't mean they are capable of managing others. It is important to remember the Peter Principle.

It is a concept in management theory in which the selection of a candidate for a position is based on their performance in the current role rather than on their abilities relevant to the intended role.

Peter suggests that people will tend to be promoted until they reach their "position of incompetence".

One's career may cripple after such a promotion. Promoting solely from within can create inbreeding and stagnate creativity.

To guard against these pitfalls, companies should consider filling at least one-third of all positions involving promotions with people from outside the organization.

**Unit IV: Training and Development:** Meaning of Training, Nature of training and development, Methods of Training, Concept of Development, Differences Between Training and Development, Evaluation of Training and Development. Human Resource Development – concept, features, scope, objectives- **Employee Career Planning and Growth:** Concept of Employee Growth, Managing Career Planning, Elements of a Career Planning Programme, Succession Planning.

### **Meaning of Training**

Training is an activity leading to skilled behavior, the process of teaching employees the basic skills they need to perform their jobs. The heart of a continuous effort designed to improve employee competency and organizational performance.

Training typically focuses on providing employees with specific skills or helping those correct deficiencies in their performance.

It is a short-term learning process that involves the acquisition of knowledge, sharpening of skills, concepts, rules, or changing of attitudes and behaviors to enhance the performance of employees.

After an employee is selected, placed and introduced in an organization he must be provided with training facilities so that he can perform his job efficiently and effectively.

So, Training is a social and continuous process of increasing skills, knowledge, attitudes and efficiency of employees for getting better performance in the organization.



## **Definition of Training**

Training is the act of increasing the knowledge and skills of an employee for performing the job assigned to him. Training has been defined by different scholars of management. Some important definitions of training are as under.

According to Garry Dessler, "Training is the process of teaching new employees the basic skills they need to perform their jobs".

According to Jack Halloran, "Training is the process of transmitting and receiving information related to problem-solving".

Edwin B. Flippo Said, "Training is the act of increasing the knowledge and skills of an employee for doing a particular job".

In the words of Dale S. Beach, "Training is the organized procedure by which people learn knowledge and improve skill for a definite purpose."

In the words of Michael J. Jucius, "Training is a process by which the aptitudes, skills, and abilities of employees perform specific jobs are increasing."

According to Edwin B. Flippo, "Training is the act of increasing the knowledge and skill of an employee for doing a particular job."

In simple words, to provide the ability for the employee to perform a specific job is called training. Thus, the art, knowledge, and skill to accomplish a specific job in a specific way are called training. In simple words, to provide the ability for the employee to perform a specific job is called training.

Thus, the art, knowledge, and skill to accomplish a specific job in a specific way are called training. At all levels of organization training and development programs are needed in order to make qualitative improvement in the work of the employees.

## **Objectives of Training program**

The chief aim of formal education for the manager is to increase his ability to learn from experience. The second aim is to increase his ability to help his subordinates to learn from experience.

According to McGregor, there are three different purposes for training.

1. Acquiring Intellectual Knowledge.
2. Acquiring Manual Skills.
3. Acquiring Problem Solving Skills.

### **Acquiring Intellectual Knowledge**

An electrical engineer may need more knowledge than he now possesses about circuit design. A new employee may require knowledge about company policies.

A foreman may require information about the new provisions in the labor agreement. The acquisition of knowledge is a fairly straight-forward process provided the individual wants the new knowledge. It can be made available to him in several ways.

However, if he does not want the knowledge, there is considerable difficulty getting him to learn it. In industry, attempts should be made to create a 'felt need' for new knowledge.

### **Acquiring Manual Skills**

The acquisition of a manual skill requires practice or experience accompanied is feedback.

Pure trial and error method learning can be speeded up by guidance but the individual cannot learn unless he performs and receives cues which tell him about the success of his efforts. The necessary effort will be expended only if there is a felt-need on the part of the learner.

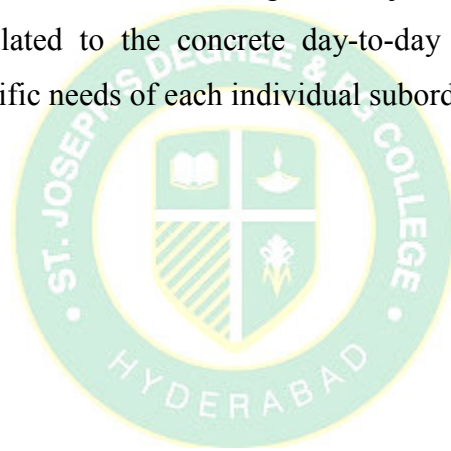
### Acquiring Problem Solving Skills

Much of the manager's work is solving problems. These include organizing his own and his subordinate's activities, planning and a wide- range of other decision-making activities.

These are skills involved in diagnosing problems, interpreting relevant data, assessing alternative solutions and getting feedback concerning the effectiveness of the solution. These skills can be improved and classroom education is one method utilized for this purpose.

As with any skill, practice and feedback are essential for learning. The most widely used classroom method for improving problem-solving skills is the case method. In the hands of a skillful teacher, it can be highly effective.

It has been rightly said that man-to-man coaching on the job constitutes 80% of all training. Besides being timely and related to the concrete day-to-day experience, it has the special advantage of meeting the specific needs of each individual subordinate in the special situation.



# Steps in Training Process



1. Decide If Training is Needed.
2. Determine What Type of Training is Needed.
3. Identifying Goals and Objectives.
4. Implementing Training.
5. Evaluation of the Training Program.

### Step 1: Decide If Training is Needed

In order to compete effectively, firms must keep their employees well trained. The first step in the training process is a basic one, to determine whether a problem can be solved by training.

The first step in the Training process is to determine Training needs. The overall purpose of the assessment phase is to determine if training is needed and, if so, to provide the information required designing the training program.

Training is conducted for one or more of these reasons:

- required legally or by order or regulation,
- to improve job skills or move into a different position,
- for an organization to remain competitive and profitable.

If employees are not performing their jobs properly, it is often assumed that training will bring them up to standard. This may not always be the case. Ideally, training should be provided before problems or accidents occur and should be maintained as part of quality control.

The assessment consists of three levels of analysis: organizational, task, and person.

1. **Organizational Analysis:** It is an examination of the kinds of problems that an organization is experiencing and where they are located within an organization.
2. **Task/Operational Analysis:** An operational analysis identifies the kinds of the skills and behaviors required of the incumbents for a given job and the standards of performance that must be met.
3. **Personnel Analysis:** The objective of the personnel analysis is to examine how well individual employees are performing their jobs. Training should be given to those who need it. Assigning all employees to a training program, regardless of their skill levels, is a waste of organizational resources and create an unpleasant situation for employees who do not need training. The objectives of training must be clarified, related to the areas

identified in the task analysis, and should be challenging, precise, achievable, and understood by all.

### **Step 2: Determine What Type of Training is Needed**

The employees themselves can provide valuable information on the training they need. They know what they need/want to make them better at their jobs. Just ask them!

Also, regulatory considerations may require certain training in certain industries and/or job classifications.

Once the kind of training that is needed has been determined, it is equally important to determine what kind of training is not needed.

Training should focus on those steps on which improved performance is needed. This avoids unnecessary time lost and focuses the training to meet the needs of the employees.

### **Step 3: Identifying Goals and Objectives**

Once the employees' training needs have been identified, employers can then prepare for the training.

Clearly stated training objectives will help employers communicate what they want their employees to do, to do better, or to stop doing!

Learning objectives do not necessarily have to be written, but in order for the training to be as successful as possible, they should be clear and thought-out before the training begins.

### **Step 4: Implementing Training**

Training should be conducted by professionals with knowledge and expertise in the given subject area.

Nothing is worse than being in a classroom with an instructor who has no knowledge of what they are supposed to be teaching! Use in-house, experienced talent or an outside professional best option.

The training should be presented so that its organization and meaning are clear to employees. An effective training program allows employees to participate in the training process and to practice their skills and/or knowledge.

Employees should be encouraged to become involved in the training process by participating in discussions, asking questions, contributing their knowledge and expertise, learning through hands-on experiences, and even through role-playing exercises.

Actually for making the training program effective the targeted group employee and the using of methods such as On-the-job or Off-the-job training should select first. The capacity and knowledge of trainers and their acceptance by the participants are of secondary importance.

1. **On the job:** Training is administered at the actual work site using the actual work equipment
2. **Off the job:** Training is administered away from the actual work site. It may be any prominent hall room or auditorium but the required training environment equipment and materials should be available or arranged there.

The training program that results from the assessment should be a direct response to an organizational problem or need. Approaches vary by location, presentation, and type.

### **Step 5: Evaluation of the Training Program**

One way to make sure that the training program is accomplishing its goals is by using an evaluation of the training by both the trainees and the instructors Training should have, as one of its critical components, a method of measuring the effectiveness of the training.

**Evaluations of the training program will help employers or supervisors** determine the amount of learning achieved and whether or not an employee's performance has improved on the job as a result.

Assess the program's success or failures. The credibility of training is greatly enhanced when it can be shown that the organization has benefited tangibly from such programs.

Organizations have taken several approaches in attempting to determine the worth of specific programs.

In this phase, the effectiveness of the training is assessed.

Effectiveness can be measured in monetary or non-monetary terms. It is important that the training is assessed on how well it addresses the needs it was designed to address.

- **Participants Opinions:** Evaluating a training program by asking the participants' opinions of it is an inexpensive approach that provides immediate response and suggestions for improvements. The basic problem with this type of evaluation is that it is based on opinion rather than fact. In reality, the trainee may have learned nothing, but perceived that learning experiences have occurred.
- **The extent of Learning:** Some organizations administer tests to determine what the participants in the training program have learned. The pretest, posttest, control group design is one evaluation procedure that may be used.
- **Behavioral Change:** Tests may indicate fairly accurately what has been learned, but they give little insight into desired behavioral changes.
- **The accomplishment of Training Objectives:** Still another approach to evaluating training programs involves determining the extent to which stated objectives have been achieved.
- **Benchmarking:** Benchmarking utilizes exemplary practices of other organizations to evaluate and improve training programs. It is estimated that up to 70 percent of American and recently European and Indian firms engage in some sort of benchmarking.
- **A Case for Simplicity:** Value is the measure of impact and positive change elicited by the training.

### **Advantages of Training Program**

Training brings about benefit/ advantages both to the organization and employees. Let us have a look at these:



## Advantages to the Organization

Goldstein and Gilliam also outlined six reasons why companies believe that investments in training can help them gain a competitive advantage.

1. **Increased efficiency of employees:** An effective training program can make the employees of the company work in an effective manner. With training, people gain confidence and this confidence is seen in the output and results.
2. **Reduced supervision:** An employee needs to be supervised when he works. When the employee has got sufficient training the amount of supervision required is less as mistakes are less. This reduces the workload of the supervisor.
3. **Less amount of wastage:** The amount of wastage by an employee reduces a lot due to training and therefore if we take an account of the amount of wastage we find that the company has saved a lot of money.
4. **Reduced turnover:** Proper training improves the chances of obtaining promotions and employees are happy because they have better opportunities. This will be lowering employee turnover intention and hence labor turnover in the company.
5. **Helps in better functioning of the organization:** Training always benefits employees, whether old or new. In the case of new employees, training helps them a lot. This is because new employees may not be aware of the functioning of the organization and training helps them to gain knowledge and insight into the working of the company.
6. **Better labor-management relations:** Labor-management relations are very essential for any organization. When companies introduce training programs and prepare employees for future jobs and promotions they send out a message to the unions that they are interested in employee welfare. Due to this the unions also adopt a positive attitude and labor-management relations improve.

## Advantages to the Employee

Contributing to the debate on the general benefits of employee training and development, McNamara (2008) stated numerous benefits.

A training program has the following advantages. Advantages to the Organization are:

1. **Self-confidence:** Training leads to an increase in employee self-confidence. The person is able to adjust to his work environment and doesn't feel humiliated in front of his seniors. This confidence leads to chances of better efforts in the future of the employees.
2. **Increased motivation levels:** Training brings a positive attitude among employees and increases the motivation levels of the employees in the organization, thereby improving the results of the organization.
3. **High rewards:** An effective training program helps an employee to take the benefit of the reward systems and incentives available in the company. Thus the employee is able to get these rewards, which in turn increases his motivation levels.
4. **Group efforts:** An effective training program not only teaches an employee how to do his work but also trains him to work as a part of the group. Thus training program improves group efforts.
5. **Promotion:** Effective training program increase performance and increase the chances of obtaining promotions. Many employees, even opt for a certain program so that they can help the employee improve his chances of promotions and obtaining higher positions.

## Methods of Training

Training method refers to a way or technique for improving knowledge and skills of an employee for doing assigned jobs perfectly.

The organization has to consider the nature of the job, size of the organization & workers, types of workers and cost for selecting a training method.

There are different types of the Training method.

# Methods of Training

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## **On-the-job training (internal training)**

- 1.Apprenticeship programs.
- 2.Job instruction training (JIT).
- 3.Planned progression.
- 4.Job rotation.
- 5.Creation of assistant - to positions.
- 6.Temporary promotions.
- 7.Committees and junior boards.
- 8.Coaching.

## **Off-the-job training (external training)**

- 1.Lectures.
- 2.Straight lecture.
- 3.Discussion method.
- 4.Demonstrations.
- 5.Seminars and conferences.
- 6.Reading, television and video instructions.
- 7.Business Simulation.
- 8.Cases presentation.
- 9.Equipment simulators.
- 10.Business games.
- 11.Experimental exercise.
- 12.Role-playing.
- 13.Behavior Modeling.
- 14.Computer modeling.
- 15.Vestibule training.
- 16.Sensitivity Training (T-groups).
- 17.Computer-based training.

1. On-the-job training or internal training
2. Off-the-job training or external training

The classification of the different types of Training method is shown following chart and explained below;

On-the-job training or internal training

These methods are generally applied in the workplace while employees are actually working.

This form helps particularly to develop the occupational skills necessary to manage an organization, to fully understand the organization's products and services and how they are developed and carried out.

Following are the on-the-job methods.

1. Apprenticeship programs.
2. Job instruction training (JIT).
3. Planned progression.
4. Job rotation.
5. Creation of assistant – to positions.
6. Temporary promotions.
7. Committees and junior boards.
8. Coaching.

### **Apprenticeship programs**

People seeking to enter the skilled trades to become, for example, plumbers, electricians, Ironworkers are often required to undergo apprenticeship training before they are accepted to journeyman status.

Typically this apprenticeship period is from two to five years. During this period, the trainee is paid less than a qualified worker.

These programs put the trainee under the guidance of a master worker.

### **Job instruction training (JIT)**

JIT consists of four basic steps;

1. preparing the trainees by telling them about the job and overcoming their uncertainties;
2. presenting the instruction, giving essential information in a clear manner;
3. having the trainees try out the job to demonstrate their understanding; and

4. placing the workers into the job, on their own, with a designated resource person, who is ready to provide the required assistance.

### **Planned progression**

It is a technique that gives employees a clear idea of their path of development. They know where they stand and where they are going.

They must know the requirements for advancement and the means of achieving it.

### **Job rotation**

It involves periodically moving people from one job to another.

The purpose of job rotation is to broaden the knowledge of managers or potential managers. It also increases their experiences. Trainees learn about the different enterprise functions by rotating into different positions.

### **Creation of assistant – to positions**

Assistant-to positions are frequently created to broaden the viewpoints of trainees by allowing them to work closely with experienced managers who can give special attention to the development needs of trainees. Managers can give selected assignments to test the judgment of trainees.

This approach can be very effective when superiors are also qualified trainers who can guide and develop trainees until they are ready to assume full responsibilities as managers.

### **Temporary promotions**

Individuals are frequently appointed as acting managers when, for example, the permanent manager is on vacation, is ill or is making an extended business trip or even when a position is vacant.

When the acting manager makes decisions and assumes full responsibility, the experience can be valuable. In this way, managerial people can be trained up well.

### Committees and junior boards

These give trainees opportunities to interact with experienced managers.

The trainees become acquainted with a variety of issues that concern the whole organization. They learn about the relationships among different departments and the problems created by the interaction of these organizational units.

Trainees may be given the opportunity to submit reports and proposals to the committee or the board and to demonstrate their analytical and conceptual abilities.

### Coaching

On-the-job training is a never-ending process.

A good example of on the job training is athletic coaching. To be effective, which is the responsibility of every line manager, must be done in a climate of confidence and trust between the superior and the trainees.

Patience and wisdom are required of superiors who must be able to delegate authority and give recognition and praise for jobs well done.

Effective coaching will develop the strengths and potentials of subordinates and help them overcome their weakness.

Coaching requires time, but if done well, it will save time and money and will prevent costly mistakes by subordinates; thus, in the long run, it will benefit all – superior, the subordinates, and the enterprise.

### **Off-the-job training or external training**

Off-the-job training is sometimes necessary to get people away from the work environment to a place where the frustrations and buzz of work are eliminated.

Training is generally given in the form of lectures, discussions, case studies, and demonstrations. This enables the trainee to study theoretical information or be exposed to new and innovative ideas.

### **Advantages of Off-the-Job Training**

Off-the-job training has the following advantages :

1. It does not disrupt the normal operation.
2. Trainers are usually experienced enough to train,
3. It is systematically organized,
4. Efficiently created programs may add a lot of values.

### **Disadvantages of Off-the-Job Training**

It is claimed that off-the-job training faces the following limitations:

1. It is not directly in the context of the job,
2. It is often formal,
3. It may not be based on experience,
4. It is expensive,
5. Trainees may not be much motivated,
6. It is artificial in nature.

Methods of Off-the-Job Training are;

1. Lectures.
2. Straight lecture.

3. Discussion method.
4. Demonstrations.
5. Seminars and conferences.
6. Reading, television and video instructions.
7. Business Simulation.
8. Cases presentation.
9. Equipment simulators.
10. Business games.
11. Experimental exercise.
12. Role-playing.
13. Behavior Modeling.
14. Computer modeling.
15. Vestibule training.
16. Sensitivity Training (T-groups).
17. Computer-based training.



However, there are also many off-the-job techniques for training and developing employees and managers such as:

### **Lectures**

The lecture is one of the oldest forms of training, second to demonstrate. In the early days, knowledge was transferred through demonstrations.



Lecture may be printed or oral. It is the best used to create an understanding of a topic or to influence attitudes through education or training about a topic.

The lecture is merely telling someone about something. There are variations of a lecture format.

### **Straight lecture**

It is an extensive presentation of information, which the trainee attempts to absorb. The lecture is typically thought of in terms of a person (trainer) speaking to a group about a topic.

It is a short version of a lecture. It has the same features as the lecture but usually lasts less than twenty minutes if done orally.

During a straight lecture, the trainee does little except listen, observe and perhaps take notes. It is useful when a large number of people must be given a specified set of information. The oral lecture should not contain too many learning points unless the printed text accompanies the lecture.

Trainees will forget information provided orally. Short lectures are usually better.

Longer lectures can be effective if the length is due to examples and clarifying explanations. A major concern about the straight lecture method is the inability to identify and correct misunderstandings.

### **Discussion method**

The discussion method uses a lecture to provide trainees with information that is supported, reinforced and expanded on through interactions both among the trainees and between the trainer and trainees.

It provides a two-way flow of communication. Knowledge is communicated from the trainer to the trainees. Quick feedback is ensured.

A better understanding is possible. Questioning can be done by both the trainer and the trainees.

## **Demonstrations**

A demonstration is a visual display of how to do something or how something works. To be effective, a demonstration should, at a minimum, be accompanied by a lecture and preferably by a discussion.

Demonstrations:

Break the tasks to be performed into smaller and easily learned parts;

1. Sequentially organize the parts of the tasks;
2. Complete each of the following steps for each part of the task;
3. Tell the trainees what trainer will be doing so they understand what he will be showing them;
4. It serves to focus on trainee's attention on the critical aspects of the task;
5. Demonstrate the task, describes what trainees are doing while the trainer is doing it;
6. After demonstrating each part of the task, the trainer explains why it should be performed in that way.

Following steps will increase the value of the demonstration:

- Ask the trainee to talk through the task before actually doing it;
- Give the trainee opportunity to do the task and describe what he or she is doing;
- Provide feedback, both positive and negative;
- Let the learner practice.

**Lectures, Discussions, and Demonstrations: An Analysis**

Lectures, discussions, and demonstrations provide a high degree of trainer control over the training process and content. However, as the training becomes more interactive, control shifts more to the trainees.

Trainee questions or answers to questions shape the content of what is covered. The group dynamics help to shape the process used by the trainer in presenting the information.

As the objectives for knowledge acquisition increases, the amount of two way interaction required for learning must also increase. A disadvantage is that it decreases trainer control over what is learned and increases the time required for learning.

The lecture is the most useful when trainees lack declarative knowledge or show attitudes that conflict with the training objectives. The printed or video lecture is more effective because they can be studied in more depth and retained to refresh learning over time.

The discussion method is more effective than the straight lecture for learning higher- order knowledge, such as concepts and principles and for attitude changes.

If the training objective is skill improvement, the demonstration may be appropriate.

However, training objectives often include both knowledge and skill development; that is, knowledge is a prerequisite for the skill. The demonstration is also effective for complex tasks.

The discussion method is more effective than the straight lecture at producing attitude changes. Because attitudes consist of a person's belief and feelings about an object or event, they can be modified by new learning. The discussion can change employee attitudes by providing new insights, facts, and understanding.

Lectures, discussions, and demonstrations are good at capturing trainee's attention, at least in the short run. They show some strength in the area of retention, especially discussion and demonstrations.

### **Seminars and conferences**

Conference programs may be used in internal or external training.

During conference programs, managers or potential managers are exposed to the ideas of speakers who are experts in their fields. A careful selection of topics and speakers will increase the effectiveness of this training device.

Conferences can be made more successful by including discussions. **Two-way communications allow participants to ask for clarification** of specific topics that are particularly relevant to them.

### **Reading, television and video instructions**

Another approach to training and development is the planned reading of relevant and current management literature. This is essentially self-development.

A manager may be aided by the training department, which often develops a reading list of valuable books. This learning experience can be enhanced through discussion of articles and books with other managers and the superior.

Management and other topics are featured in television programs. Moreover, videotapes on a variety of subjects are available for the usage in the university or company classrooms.

### **Business simulation**

Any training activity that explicitly places the trainee in an artificial environment that closely mirrors actual working conditions can be considered a simulation.

Training games and simulations are designed to reproduce or simulate processes, events, and circumstances that occur in the trainee's job.

Trainees can experience these events in a controlled setting where they can develop their skills or discover concepts that will improve their performance. Simulation activities include case exercises,

equipment simulators, experiential exercises, complex computer modeling, role play, and vestibule training.

### **Cases presentation**

Case studies attempt to simulate **decision-making situations** that trainees might find on the job. The trainee is usually presented with a written history, key elements and the problem of a real or imaginary organization or subunit. A series of questions usually appears at the end of the case.

Typically, trainees are given time to digest the information individually. If time permits, they are also allowed to collect additional relevant information and integrate it into their solutions.

Once individuals arrive at their solutions, they may meet in small groups to discuss the different diagnoses, alternatives, and solutions generated.

Then the trainees meet with the trainer, who facilitates and directs further discussions. The trainer should convey that no single solution is right or wrong, but many solutions are possible. The learning objective is to get trainees to apply known concepts and principles and discover new ones.

### **Equipment simulators**

Equipment simulators are mechanical devices that require the trainee to use the same procedures, movements, or decision process, they would use with equipment back on the job.

Simulators train airline pilots, air traffic controllers, taxi drivers, etc. it is important that simulators be designed to replicate, as closely as possible, the physical aspects of the equipment operating environment trainees will find on their job site.

### **Business games**

Business Games are simulations that attempt to represent the way industry, company, and a subunit of a company function. They are based on a set of relationships, rules, and principles derived from theory or research.

However, they can also reflect the actual operations of a given department in a specific company.

Trainees are provided with information describing a situation and are asked to make decisions about what to do. The system then provides feedback about the impact of their decisions and they are asked to make other decisions.

This process continues until some predetermined set of the organization exists or a specified number of trials are completed.,

For example, if the focus is on the financial state of a company, the game might end when the company reached a specified profitability level or when the company must declare bankruptcy.

Business games involve an element of competition, either against other players or against the game itself. Some of the purposes for which businesses games have been developed and used are listed below:

- Strengthen executive and upper **management skills**,
- Improve decision-making skills at all levels,
- Demonstrate principles and concepts,
- Integrate separate components of training into an integrated whole,
- Develop leadership skills,
- Explore and solve complex problems in a safe, simulated setting.
- Improve the application of total quality principles and develop skill in using quality tools.

#### Experimental exercise

Experimental exercises are usually short, structured learning experiences where individuals learn by doing.

For example, an experimental exercise could be used to create a conflict situation where employees have to experience a conflict personally and work out its resolution.

After completing the exercise, the trainer typically discusses what happened and introduces the theoretical concepts to help explain the members' behavior during the exercise.

### Role-playing

Role-playing is a training technique in which trainees act out roles or parts in a realistic management situation.

The aim is to develop trainees' skills in areas like leadership and delegating. It is an enactment or simulation of a scenario in which each participant is given a part to act out.

Trainees are provided with a description of the context-usually a topic area, a general description of the situation, a description of their roles and the problem they face. Role plays may be structured, and spontaneous.

#### **(i) Structured role**

Structured role plays provide trainees with more detail about the situation as well as more detailed descriptions of each character's attitudes, needs, opinions, and so on. This type of role play is used primarily to develop interpersonal skills such as communication, conflict resolutions and group decision making.

#### **(II) Spontaneous role**

Spontaneous role plays are loosely constructed interactions in which one of the participants plays himself while the others play people with whom the first trainee interacted in the past. This type of role play focuses on attitudes and is used to develop insight into one's own behavior and is impacting on others rather than to develop specific skills.

### Behavior modeling

Behavior modeling uses the tendency for people to observe others learn how to do something new. This technique is most frequently used in combination with some other techniques. The modeled behavior is typically videotaped and then watched by the trainees.

The behavior modeling process can be summarized as follows:

- Define the key skill deficiencies;
- Provide a brief overview of relevant theories;
- Specify key learning points or critical behaviors to watch for;
- Use an expert to model the appropriate behaviors;
- Encourage trainees to practice the appropriate behaviors in a structured role play;
- Provide opportunities for the trainer and Other trainees to give reinforcement of appropriate imitation of the model's behavior;
- Ensure the trainee's supervisor reinforces appropriate demonstration of behavior on the job.'

### **Computer modeling**

Complex computer modeling simulates the work environment by programming a computer to imitate some of the realities of the job. It is widely used by airlines in the training of pilots.

The computer simulates the number of critical job dimensions and allows learning to take place without the risk or high costs that would be incurred if a mistake were made in a real life-flying situation.

An error during a simulation offers an opportunity to learn through one's mistakes. A similar error under real-life conditions might cost a number of lives and the loss of a multimillion-dollar aircraft.

### **Vestibule training**

In vestibule training, employees learn their jobs with the requirement they will be using but the training is conducted away from the actual workplace. While expensive, vestibule training allows employees to get a full feel for doing tasks without real-world pressures. It minimized the problem of transferring learning to the job since vestibule training uses the same equipment the trainee will use on the job.



## Sensitivity Training (T-groups)

Sensitivity training, also called T-group, is basically a technique for **management development**. It is concerned with the real problems existing within the group itself. It is not an imagined problem existing outside the organization. It is not a program of teaching skills or improving the understanding of participants.

In this program, an attempt is made to change the attitude and behavior of people in the group. It is used in building team efforts. This is done by introspection, self-criticism, and open arguments and through free and frank discussion so that one comes to know how others feel about him and his behavior.

It is a means of providing a mirror in which one can see his mental makeup, attitude, and behavior towards others. This will provide the best method of motivation for self-development.

The objective of this training includes:

- Better insight into one's own behavior and the way one appears to others;
- A better understanding of group processes;
- Members learn more about themselves, especially their weakness and emotional stability;
- Development of skills in diagnosing and intervening group processes;
- Find a better method and means of behavior for effective interpersonal relationships without the aid of power over others.

T-group is a small discussion group without any leader. Trainer raises a question and encourages open discussion, which is unstructured. The focus is about feeling and mutual respect.

Here group members interact and then receive feedback on their behaviors from the trainer and the group members, who express their opinions freely and openly. The feedback may be positive and negative.

The T-group process may;

- Lead to personal anxieties and frustrations.
- Lead to a mental breakdown.
- It may make managers hypersensitive, which make them unable to take a hard decision for fear of hurting another.

But if properly managed, it can result in collaborative and supportive behavior. The following guidelines can help reduce potential harm and increase effectiveness:

- Participants in T-group should be voluntary;
- They should be screened and those who could be harmful should be expelled from this experience.;
- Trainers should be carefully evaluated and their competence clearly established;
- Potential participants should be informed about the goals and the process before they commit themselves to sensitivity training.

### **Computer-based training**

Many companies are implementing computer-based training as an alternative to classroom training to accomplish the goal. Some of the reasons for this shift are demonstrated in the following beliefs, many companies hold about CBT:

- Reduces trainee learning time
- Reduces the cost of training
- Provides instructional consistency
- Affords privacy of learning
- Allows the trainee to master learning
- In a safe method for learning hazardous tasks

- Increases access to training.

### Concept of Development

Development is a long-term educational process utilizing an organized and systematic procedure by which managerial personnel learns conceptual and theoretical knowledge for general purpose.

It covers not only those activities which improve job performance but also those activities which improve the personality of an employee.

Management development refers to teaching managers and professionals to increase knowledge, skills, attitude, needed for both present and future jobs.

Koontz and Weihrich said, “**Management development** is the process a person makes in learning how to manage effectively.”

Dale Yoder said, “Management development is the process by which firms and agencies seek to develop managers.”

### Differences between Training and Development

Points	Training	Development
1. Definition	Training is the process of teaching employees the basic skills they need to perform their jobs.	Management development refers to teaching managers and professionals to increase knowledge, skills, attitude, needed for future jobs.
2. Present/Future	Training is present-day oriented.	Development is future day oriented.

3. Participant	Training programs are arranged for employees.	Development programs are arranged for executives.
4. Level	It is the lower level learning program.	It is a higher level learning program.
5. Area	Training is imbibed for enhancing much more skills and knowledge to the employees.	Development is imbibed for enhancing specific skills and knowledge to the executives.
6. Change	Skill level is changed through Training.	Behavior level is changed through Development.
7. Focused	Training is a narrower concept focused on job-related skills	Development is a broader concept focused on personality development.
8. Aimed	Training is aimed at improving job-related efficiency and performance.	The development aims at overall personal effectiveness including job efficiencies.
9. Instruction	Training refers only to instruction in technical and mechanical operations.	Development refers to the philosophical, theoretical and educational concept.

10. Period	Training courses are typically designed for a short-term period.	Development involves a broader education for long term purposes.
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**Evaluation of Training Development:**

Training evaluation can be defined as any attempt to obtain information (feedback) on the effects of training program and to assess the value of training in the light of that information for improving further training.

Evaluation of training can be viewed as a method of measuring change in knowledge, skills, attitudes, job performance, costs and the quality of the training facilities.

A major reason to evaluate training programs is to determine whether the training programs are accomplishing their specific training objectives.

Training segment has to evolve criteria for evaluating the impact of training on employees. Generally four different criteria are used to evaluate training programme namely reaction of trainees, knowledge acquired, behaviour modification and other job performance parameters like reduced accidents, increased productivity, lowered absenteeism leaping sales etc.

**1. Pre-Training Evaluation:**

In this stage, an evaluation is made in the beginning of the training programme in order to understand the expectations of the trainees from the training programmes and the extent to which they have understood its objectives. This step enables the training segment to modify the training curricula in such a way that the objectives of the training programme are aligned to those of the trainees.

**2. Intermediate Training Evaluation:**

Training and development segment wants to ensure that training is progressing as expected. Mid-course corrections can be made in the event of deviation from the envisaged objectives. For example, if trainees perceive that a training programme is aimed at building communication skill is more theory-oriented, rather than practice-oriented, the feedback may be useful to modify the instruction method. Thus, it serves as a verifying tool.

**3. Post-Training Evaluation:**

The criteria used for assessing the impact of training programme include Reaction, Learning, Behaviour and Results (RLBR).

**a. Reactions:**

This measures the degree of satisfaction of trainees with the training programme, namely subject matter and content of training programme, the environment, methods of training etc. The outcome of evaluation of reaction may be useful in further strengthening the areas the participants find it more useful and in modifying the areas they find it not useful. Negative reactions may dampen the spirit of participation in future training programmes. However, positive reactions may not provide complete information about the effectiveness of the programme.

**b. Learning:**

It measures the degree to which trainees have acquired new knowledge, skill or competencies. The trainer has to measure the knowledge and skill level of trainees in the beginning of the programme. It is supposed to be the baseline or standard. Again the level of knowledge and skills obtained at the end of training is measured and compared against the standard. Thus pre and post training comparison helps to assess the improvement level.

**c. Behaviour:**

Similarly, a comparison of pre and post training behaviour may reveal the impact of training on behaviour modification. Yet, unfortunately, much of what is learnt during training cannot be used on the job owing to lack of resources or conducive environment. In such a case, one cannot say that the training is ineffective. It follows that when training environment is similar to actual work environment, such a climate facilitates transfer and application of learning.

**d. Results:**

Generally, it is difficult to measure precisely the impact of training on business performance which depends on several other factors like economic climate, marketing, size of investment, etc. However, certain measures like productivity, sales volume and profit, etc., may be compared before and after the training episode. Any improvement may be partially attributed to the training imparted. Besides, return on investment, cost benefit analysis and bench-marking are other methods to assess the value of training.

**Human Resource Development: Features, Scope, Objectives and Functions!**

In 1970, Leonard Nadler published his book “Developing Human Resources” in which he coined the term ‘human resource development’ (HRD). Human resource refers to the talents and energies of people that are available to an organization as potential contributors to the creation and realization of the organization’s mission, vision, values, and goals.

Development refers to a process of active learning from experience-leading to systematic and purposeful development of the whole person, body, mind, and spirit. Thus, HRD is the integrated use of training, organizational and career development efforts to improve individual, group, and organizational effectiveness.

**Definitions of HRD:**

1. According to South Pacific Commission 'human resource development is equipping people with relevant skills to have a healthy and satisfying life'.
2. According to Watkins, 'human resource development is fostering long-term work related learning capacity at individual, group and organizational level'.
3. The American Society for Training and Development defines HRD as follows: 'human resource development is the process of increasing the capacity of the human resource through development. It is thus the process of adding value to individuals, teams or an organization as a human system'.

**Features of HRD:**

**1. Systematic approach:**

HRD is a systematic and planned approach through which the efficiency of employees is improved. The future goals and objectives are set by the entire organization, which are well planned at individual and organizational levels.

**2. Continuous process:**

HRD is a continuous process for the development of all types of skills of employees such as technical, managerial, behavioural, and conceptual. Till the retirement of an employee sharpening of all these skills is required.

**3. Multi-disciplinary subject:**

HRD is a Multi-disciplinary subject which draws inputs from behavioural science, engineering, commerce, management, economics, medicine, etc.

**4. All-pervasive:**

HRD is an essential subject everywhere, be it a manufacturing organization or service sector industry.

**5. Techniques:**

HRD embodies with techniques and processes such as performance appraisal, training, management development, career planning, counselling, workers' participation and quality circles.

**Scope of HRD:**

Human resource management (HRM) deals with procurement, development, compensation, maintenance and utilization of human resources. HRD deals with efficient utilization of human resources and it is a part of HRM.

**Human resource being a systematic process for bringing the desired changes in the behaviour of employees involves the following areas:**

1. Recruitment and selection of employees for meeting the present and future requirements of an organization.
2. Performance appraisal of the employees in order to understand their capabilities and improving them through additional training.
3. Offering the employees' performance counselling and performance interviews from the superiors.
4. Career planning and development programmes for the employees.
5. Development of employees through succession planning.
6. Workers' participation and formation of quality circles.
7. Employee learning through group dynamics and empowerment.
8. Learning through job rotation and job enrichment.
9. Learning through social and religious interactions and programmes.
10. Development of employees through managerial and behavioral skills.



**Objectives of HRD:**

The prime objective of human resource development is to facilitate an organizational environment in which the people come first. The other objectives of HRD are as follows:

**1. Equity:**

Recognizing every employee at par irrespective of caste, creed, religion and language, can create a very good environment in an organization. HRD must ensure that the organization creates a culture and provides equal opportunities to all employees in matters of career planning, promotion, quality of work life, training and development.

**2. Employability:**

Employability means the ability, skills, and competencies of an individual to seek gainful employment anywhere. So, HRD should aim at improving the skills of employees in order to motivate them to work with effectiveness.

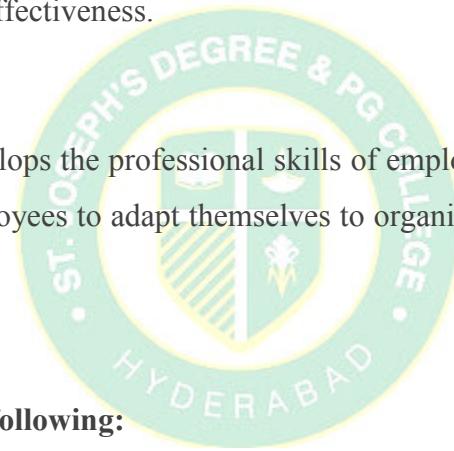
**3. Adaptability:**

Continuous training that develops the professional skills of employees plays an important role in HRD. This can help the employees to adapt themselves to organizational change that takes place on a continuous basis.

**HRD Functions:**

**HRD functions include the following:**

1. Employee training and development,
2. Career planning and development,
3. Succession planning,
4. Performance appraisal,
5. Employee's participation in management,
6. Quality circles,
7. Organization change and organization development.



Career Planning: Definition, Features, Objectives and Benefits

**Career Planning: Definition, Features, Objectives and Benefits!**

**Definitions:**

1. A career may be defined as 'A sequence of jobs that constitute what a person does for a living'.
2. According to Schermerborn, Hunt, and Osborn, 'Career planning is a process of systematically matching career goals and individual capabilities with opportunities for their fulfillment'.
3. Career planning is the process of enhancing an employee's future value.
4. A career plan is an individual's choice of occupation, organization and career path.

Career planning encourages individuals to explore and gather information, which enables them to synthesize, gain competencies, make decisions, set goals and take action. It is a crucial phase of human resource development that helps the employees in making strategy for work-life balance.

**Features of Career Planning and Career Development:**

1. It is an ongoing process.
2. It helps individuals develop skills required to fulfill different career roles.
3. It strengthens work-related activities in the organization.
4. It defines life, career, abilities, and interests of the employees.
5. It can also give professional directions, as they relate to career goals.

**Objectives of Career Planning:**

**The major objectives of career planning are as follows:**

1. To identify positive characteristics of the employees.
2. To develop awareness about each employee's uniqueness.

3. To respect feelings of other employees.
4. To attract talented employees to the organization.
5. To train employees towards team-building skills.
6. To create healthy ways of dealing with conflicts, emotions, and stress.

**Benefits of Career Planning:**

1. Career planning ensures a constant supply of promotable employees.
2. It helps in improving the loyalty of employees.
3. Career planning encourages an employee's growth and development.
4. It discourages the negative attitude of superiors who are interested in suppressing the growth of the subordinates.
5. It ensures that senior management knows about the caliber and capacity of the employees who can move upwards.
6. It can always create a team of employees prepared enough to meet any contingency.
7. Career planning reduces labour turnover.
8. Every organization prepares succession planning towards which career planning is the first step.

## **Succession Planning**

**Definition:** Succession planning is a process by which individuals are scanned to pass on the leadership role within a company. The process ensures that business continues to operate efficiently without the presence of people who were holding key positions as they must have retired, resigned, etc.

**Description:** Succession Planning, specifically termed as Management Succession Planning, involves coaching and development of prospective successors or people within a firm or from

outside to take up key positions in an organization through an organized process of assessment and training.

It ensures a smooth transition of power in key leadership roles. If the successor is chosen within the organization, it will help motivate the employees, and also save on cost and extra time which the management would have spent in scanning candidates from other firms.

There are four main stages in the succession planning process, which involve transition (movement of new role), initiation, selection, and education.

Let's look at each phase. In the first phase of 'initiations', potential candidates for the job learn about the business, more importantly about its value system, guidelines, values, vision, etc. Here the CEO or any top leader of the organization talks about these key things to the candidates.

The second phase or 'selection' is a complex task, where a specific candidate is chosen to be a successor among other candidates who were running for the same job. In the third phase of 'training' involves an exhaustive training scheduled for the successor so that he can meet the goals of the organisation as well as returns for the shareholders.

In the fourth and the last phase of 'transition,' the business owner or the CEO retires or moves out of the organisation, and the chosen successor formally takes up the responsibility as his/her new leadership role.

**Unit V: Performance Appraisal:** Meaning and definition, objectives, methods of performance appraisal, process, Benefits. Job evaluation – scope, process, methods, Compensation Management: components of remuneration, wage policy in India, Concept of wages – types, incentive meaning, importance, employee benefits and services-meaning and definition-employee welfare – meaning, merits and demerits, Employee Grievances-Industrial relations – nature, trade unions, collective bargaining

## **Meaning and Definition of Performance Appraisal**

### **Performance appraisal:**

Performance appraisal is defined as a process that systematically measures an employees personality and performance usually by managers or immediate supervisors against the predefined attributes like skillset, knowledge about the role, technical know-how, attitude, punctuality and so on.

Performance appraisal has many names across organizations, some call it performance evaluation, some prefer performance review, merit rating, annual reviews, etc.

This process is carried out to identify the inherent qualities of an employee and the abilities and level of competency of an employee for their future growth and development and that of the organization they are associated with. It aims at ascertaining the value of an employee and his/her offering to the organization.

Performance appraisal helps managers and supervisors place the right employee to do the right job, depending on the skill set they possess. Without an ounce of doubt, every organization needs a robust performance appraisal system.

There are various methods that are used by managers and supervisors to evaluate employees based on objective and subjective factors, however, it can get a bit tricky, but to effectively evaluate an employee both factors are essential.

### **Objectives of performance appraisal**

Following are the objectives to conduct performance appraisal year after year:

- This is an essential first step towards promoting an employee, based on the subjective and objective factors- performance and competency.
- To identify the training and development needs of an employee.
- To provide confirmation to those employees who were recently hired and are on their probation period.
- To take a concrete decision what should be the percentage of hike in the salary of an employee based on the work done by them.
- To encourage a proper feedback system between the manager and employees.
- To help employees understand where they stand in the current year and what is the scope of improvement.

### **Performance appraisal process**

**Step 1:** In most organizations, the performance appraisal process means evaluating an employee every 6 months or one year for the period an employee has continually worked with the organization. In modern times, the Human Resources department sends out an employee survey for them to fill out to collect data related to their engagement and satisfaction levels.

**Step 2:** The employee's immediate manager or supervisor will then evaluate the quality of the employee's performance based on the work done in the previous year and then meet face-to-face to discuss the facts and figures.

**Step 3:** The feedback received from the survey can be kept anonymous. This feedback can be analyzed real-time by using Questioner's Workforce platform, that measures, analyzes and activates data to get actionable insights.

For probationary employees, the probation period usually lasts between three to six months. Their evaluation is based on whether they have come at pace with the work and culture of the organization and if they are ready to take up more responsibilities.

### Performance appraisal methods

There are 5 performance appraisal methods. Using one of these methods for performance appraisal can help organizations gain partial information. However, combining one or more methods will lead to extracting better information and accurate data. It is one thing to collect data and another to do something actionable with it.

1. **Self-evaluation:** This is an important way to get insights from the employees, evaluate themselves. You need to first get information about how an employee evaluates himself/herself, after conducting this evaluation the management has an opportunity to fairly appraise an employee based on their thoughts.
2. **360-degree appraisal system:** 360-degree feedback, an employee is evaluated by his/her supervisor/manager, peers, colleagues, subordinates and even management. Inputs from different sources are considered before talking to the employee face-to-face. In this process, each employee is rated according to the job done based on the job descriptions assigned to them.
3. **Graphics rating scale:** This is one of the most commonly used methods by managers and supervisors. Numeric or text values corresponding to values from excellent to poor can be used on this scale. Members of the same team who have similar job descriptions can be parallelly evaluated using this method. This scale should ideally be the same for each employee.

4. **Checklists:** The evaluator is given a checklist of several behaviors, traits, attributes or job description of the employee who needs to be evaluated. The checklist can contain sentences or simply attributes and the evaluator thus mark the employee based on what describes the job performance of the employee. If the evaluator believes that the employee has certain traits it is marked positive otherwise it is left blank.
5. **Essay method:** This is also known as “free form method”. As the name suggests, it is a descriptive method which elaborates performance criteria. A major drawback of this method is to keep biases away.

### **Benefits of performance appraisal**

1. A systematic performance appraisal method helps the managers/supervisors to correctly identify the performance of employees and also highlight the areas they need improvement in.
2. It helps the management place the right employee for the right kind of job. This is a win-win situation for both the employee and the organization.
3. Potential employees who have done some exceptional work are often offered a promotion on the basis of the result of performance evaluation.
4. This process is also effective in determining the effectiveness of the training programs conducted by the organization for the employees. It can show managers how much an employee has improved after the training. This will give actionable insights to the managers on how to improve the programs.
5. It creates a competitive environment amongst the employees in a good way. Employees try to improve their performance and get better scores than their colleagues.
6. Managers use this as a platform to get first-hand feedback from employees to talk about their grievances and how to handle them.
7. Keeping year on year record of appraisals gives managers a very good idea what is the pattern of the growth rate of employees and which ones have a declining rate and what actions need to be taken to improve it.

### **Disadvantages of performance appraisal**

1. If the attributes being used in this method are not correctly defined the data collected won't be useful.
2. Sometimes biases can be an issue in this system.

3. Some objective factors can be vague and difficult to pin down. There are no known scientific methods to measure that.
4. Managers sometimes are not qualified enough to assess the abilities of the employees, thus be detrimental to the growth of an employee.

## **Job Evaluation:**

Job Evaluation is a systematic process of determining the worth of one job in relation to another job in the organization. During job evaluation, the relative worth of various jobs are assessed so that wages can be paid depending upon the worth of the job. To improve the performance and maintain the high level of efficiency in work, employee should be compensated with wages and salaries depending upon the job he is performing.

In the absence of job evaluation, it may happen that high value jobs may receive less pay than low valued jobs. When the employees come to know about the differences, they may become dissatisfied. Job evaluation is the quantitative measurement of relative worth of job for the purpose of establishing wage differentials. It evaluates the job and not the job holder. Evaluating the job holder is the task of performance appraisal.

Wendell French defines Job evaluation as “a process of determining the relative worth of the various jobs within the organization so that differential wages may be paid to jobs of different worth”.

### **Job Evaluation Process**

**Job evaluation typically, involves four steps:**

1. Job analysis;



2. Job documentation;
3. Job rating using the organization's job evaluation plan; and
4. Creating the job hierarchy.

**1. Job Analysis:**

Job analysis is the process of collecting and evaluating relevant information about jobs. The data collected should clarify the nature of the work being performed (principal tasks, duties, and responsibilities) as well as the level of the work being performed. Information should include the types and extent of knowledge, skill, mental and physical efforts required, as well as the conditions under which the work is typically performed.

**2. Job Documentation:**

Job documentation is the process of recording job content information, usually in the form of a written job description, one of the most important products of job analysis. Most job description of the duties, examples of work typically performed, and a statement identifying the knowledge, abilities, skills, and other characteristics (KASOCs) that are required to satisfactorily perform the duties. The ideal job description for compensation reflects not just information concerning “what” a job does, but also the “how” and “why” the duties.

**3. Rating the Job:**

In the third step, a job's assigned duties are assessed using the job evaluation plan, or instrument selected by the organization.

**Methods of Job Evaluation**

1. Non-quantitative or summary system that utilize non-quantitative methods of listing the jobs-
  - (a) Ranking System
  - (b) Grading or Job Classification System
2. Analytical or Quantitative System that use quantitative techniques in listing the jobs-
  - (a) The Points System
  - (b) The Factor Comparison System

**1. Ranking System:**

Under this system, all the jobs are arranged or ranked in the order of their importance from the lowest to the highest or in the reverse order. The jobs can be rated within the department or a cluster of jobs from different departments can be considered for rating. Job description may be used for ranking different jobs.

**Example:**

Ranking of teaching job in a college (in the ascending order) like Lecturer, Assistant Professor, Associate Professor, Professor, Senior Professor and Head of the department or ranking of all the jobs which includes both teaching and administrative staff (peons, clerk, head clerk, assistant registrar, registrar and teaching staff) in the college.

The rating is done by a committee of raters and about 10-20 key jobs are rated and other jobs are compared with the key jobs. The ranked jobs are classified into say 8-12 groups. All the jobs under a particular group may receive the same salary or salary range. Example – The Registrar and the Associate Professor may receive the same salary or come under same salary range.

**Advantages of Ranking System:**

The system is simple, easy to understand and easy to explain to the employees. It require less time, less work and is less expensive.

**Disadvantages:**

There is no defined criteria for rating the jobs and the rating is based on judgement of the raters. The rating may be influenced by bias/favouritism. The systems only rank the jobs and does not indicate the exact differences between one job and the other.

**2. Job Classification or Grading:**

A number of predetermined grades or classifications are determined by a committee of raters. The jobs are assigned to the grade or class. After detailed job analysis, jobs are grouped into various classes or grades which indicate different pay levels. For each grade/class, there is detailed description so that the employees assigned to particular grade or class. Grade description is based on several factors such as education, independent working, knowledge, skills, attitude, leadership qualities, decision making ability etc.

**Example:**

If there are five hundred employee holding different jobs, the jobs can be grouped into six to eight classes or grades, i.e., grade 1 to 6/8 arranged from high to low, together with grade descriptions. Jobs at low level (Grade 8) involve routine and repetitive work, works under close supervision.

Grading system is advancement over ranking system and it is also based on judgement of the raters. It is rather difficult to write grade descriptions as the number of jobs increases. This system is used in Government and less in the industry.

**3. The Points System:**

The Points System is one of the widely used job evaluation plan. The points system involves identifying a number of job factors and sub-factors and then determining the degree to which

these factors are present in the job. Points are assigned for each degree of each factor. The number of points for each factor is added to obtain overall points. The sum of these points gives an index of the relative importance of the jobs that are rated. Money values are assigned to each of the jobs, based on the total value of each job.

**Example:**

Hay Profile Method developed by Edward N Hay is one of the well-known job evaluation methods. The Hay method makes use of three key factors i.e. Know-how, Problem solving ability and Accountability for evaluation of job position.

**Advantages of Points System:**

- (a) It is more systematic and objective than other systems.
- (b) It provides numerical basis for job classification and wage differentials.
- (c) Bias/favoritism minimized.
- (d) A large number of jobs can be evaluated and the jobs can be placed in distinct categories.
- (e) Once the factors, sub factors and points are developed, they can be used for a long time.
- (f) Acceptance is better than other systems.

**Limitations:**

- (a) It is time-consuming and expensive process.
- (b) Employees find it difficult to understand the working of this method.

4. The Factor Comparison Method:

Here, the analyst or committee selects some key jobs for which job descriptions and wage rates are agreed upon and are acceptable to the workers and management. Each job is ranked several times, once for each of the job factors selected.

Example- Each job is ranked for skill requirement, and then ranked for responsibility and so on. Then these rating are combined for each job to obtain overall numerical rating for each.

**Process of Job Evaluation:**

It is a systematic process of evaluating the worth of a job in relation to other jobs in the organization. HR has to take initiative in developing and implementing an appropriate job evaluation programme in consultation with senior managers in the organization.

**The following factors have to be considered for successful introduction of the system:**

- a. The management has to explain the objectives and advantages of the job evaluation programme and seek the acceptance of employees and the trade union.
- b. A committee comprising of HR manager and senior managers are to be formed and they should receive adequate training well in advance.

- c. Selection of the most appropriate job evaluation system.
- d. The committee has to decide about the different jobs to be evaluated.
- e. Written job analysis document will provide adequate information about each job and each job has to be thoroughly studied.
- f. Grading/classifying the jobs based on relative worth of each job.
- g. Explain to the employees the outcome of the job evaluation programme and clarify doubts if any.
- h. Make changes, if required, based on the feedback.
- i. Prepare a document giving the details of the job evaluation process and the worth of each job in the organization for the purpose of salary fixation, recruitment, selection and promotion.
- j. Periodical review to keep it updated.

### **Compensation Management**

Compensation Management refers to the establishment and implementation of sound policies, programmes and practices of employee compensation.

It is essentially the application of a systematic and scientific approach for compensating the employees for their work in a fair, equitable and logical manner.

Compensation Management is concerned with the compensation to employees for their work and contribution for attaining organisational goals.

Obviously, it is concerned with designing and implementing total compensation package. It is also known as wage and salary administration or remuneration management.

Compensation Management as it is known today has been a very important source of attracting, retaining and motivating the required human resource for any organization. Although most employees specially at middle and senior levels claim that money does not play a very important role in their decision to change or to stay in an organization but in reality it is the money which motivate most of the employees.

The employees need to be compensated for the services which they render to an organization. It is not easy to workout suitable compensation package for the employees and keeps them satisfied. The experience is that the employees mostly remain dissatisfied with whatever wage or salary they are paid by the employers.

Therefore, the job of wage and salary administration has been complex and subtle, and littered with techniques to reduce the complexity and cope with the subtleties. Hence various methods to compensate the employees have been deployed but without success. Incentive payment schemes, at times have been considered as the answer to most problems.

The methods of appraisal of employees have been worked out to match the performance of the employees with proper compensation, but without complete success.

These days, the organizations are also beset with the problem of 'take home salary' concept. The employees are no more interested in knowing how much the company is spending on each of them but they are keen to know how much would be available to them in their hands.

This had brought into sharp focus the question of income tax planning. The organizations are finding newer and newer methods to help employees in planning their tax liability or how to minimise the tax payment by the employees. On the other hand the Government has been finding out the loopholes in income tax structure to plug the same.

Recently, there have been a number of cases where very large organizations have been caught for not deducting tax at source properly. As a result, today we find that the number of components of the compensation have been increased and the nomenclature of some of these components have been changed to keep the same out of income tax net by the management under pressure from their employees.

However, these efforts have not proved very helpful to the management as it continues to remain under stress – whether the methods being used in compensation, are part of tax planning or tax avoidance and at the same time, is it able to satisfy the employees and maintain positive image among its employees as well as in the society at large or not.

There is no doubt that the employees work for compensation in terms of money and their attempt is always to maximise the same. The employees, therefore, are anxious to minimise the income tax incidence.

The employees work for rewards and the employers seek higher productivity to keep cost per employee low. A balance is to be struck between these two parties – employer and employee with regard to compensation.

The compensation should be designed in such a fashion that the organization is able to attract, motivate, and retain competent employees and at the same time the employees perceive it fair and equitable.

The perception by the employees is important as the ratio between the input and output – i.e., services rendered and the reward for the same in terms of compensation, will determine the level of their satisfaction, which in turn, determine their contribution, motivation, and retention.

In India, the Government, specially through labor laws has been playing a very important and significant role in determining wages and also in making it mandatory for employers to provide

welfare schemes to its work force. The employers and employees have to comply with the same, willingly or unwillingly.

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**Compensation Management:**

An organization's goals or objectives can be achieved when its employees put in their best efforts in the right direction. Hence, they should be nurtured properly and paid well for their work, performance, services, etc. Besides wages or salaries, organizations provide different kinds of incentives, benefits and services to their employees.

Money paid to employees for their work in the form of gross pay is included under direct compensation; while benefits come under indirect compensation and they may consist of life, accident and health insurance, the contribution of an organization to retirement i.e. retirement benefits, expenses incurred for employee welfare as social security etc.

All these things are nothing but the compensation the employees receive in return for their contribution to their organization. From the viewpoint of an organization, compensation management is a major function. Compensation Management is one of the most important topics in HRM. This is one area which needs all the attention as it can have a direct impact on all others.

Compensation Management is concerned with the compensation to employees for their work and contribution for attaining organisational goals. Obviously, it is concerned with designing and implementing total compensation package. It is also known as wage and salary administration or remuneration management.

Every organization requires suitable human resources to achieve its objectives. To get the effective results, the employees must be paid and compensated properly even though this is not the only motivator for the employees to work. Any unjustifiable inequality or an unacceptably low level of reward definitely causes great dissatisfaction among employees.

Hence, sound wage and salary policies and programmes are very essential to attract, induct, retain and develop the employees working in the organization in order to get the best results from them. Wage and salary administration or compensation management is considered as one of the vital areas of "Human Resource Management".

Compensation Management refers to the establishment and implementation of sound policies, programmes and practices of employee compensation. It is essentially the application of a systematic and scientific approach for compensating the employees for their work in a fair,

equitable and logical manner. The factors affecting the determination of fair and equitable compensation are many and are very complex.

Compensation Management includes various areas such as job evaluation, surveys of wages and salary analysis of relevant organizational problem, development of suitable wage structure, framing of rules for administering wages and salaries, wage payment, incentive, control of compensation cost etc. Hence, in the era of globalization, privatization, liberalization, compensation management has become very complex and depending upon the size of the organisation, it may be helpful to induct a specialist to handle this specific portfolio under HRM.

Wages and salaries mean different things to different people and organizations. From the view point of employees, white collar or blue collar, a salary or a wage is an income and a return they get for offering their services to their organization. From the view point of an organization or management, wages and salaries constitute a cost of production. A wage or salary is a price paid to an employee for hiring his services.

Compensation is defined as the consolidated amount, allowances received and various other kinds of benefits and services which are offered by the organization to their employees. In other words, compensation refers to all forms of financial returns, services and benefits received by the employees from their organization as a part of their employment relationship.

Such compensation may be received in the form of cash i.e. wages/salaries, bonus, overtime payments, incentives (i.e. gross payment). This is called as 'direct compensation'. While benefits that come under indirect compensation may consist of life, accidents and health insurance, pay for vacation or illness, retirement benefits and so on.

Thus, in short, compensation is direct and indirect monetary benefits and rewards received by employees on the basis of the value of the jobs, their personal contributions and overall performance. Such rewards are given to employees by their organization according to the ability of the organization to pay and the legal provisions.

### **Components of Remuneration/Compensation**

Compensation is the reward or remuneration paid to the employees in return for the service rendered. Such compensation package includes both monetary and non-monetary components.

### **In India compensation or pay structure generally consists of the following components:**

1. Wage or Salary

. Dearness and other allowances

3. Incentives

4. Fringe benefits and perquisites.

**1. Wage or Salary:**

**Wage:**

The term wage refers to the remuneration paid to the workers appointed on hourly, daily or weekly basis in return for the service rendered.

It varies according to physical and mental requirement of the job. Wage may be minimum wage, fair wage and living wage.

**i. Minimum Wage:**

It is that wage which is sufficient to meet the basic need of a worker and his family. This minimum wage has to be paid to the worker irrespective of the capacity of the industry to pay. The Committee on fair wage has defined minimum wage as – “the wage must provide not only for the bare sustenance of life, but for the preservation of the efficiency of the workers. For this purpose, minimum wage must provide some measures of education, medical requirements and amenities”.

**ii. Fair Wage:**

According to committee on fair wage “fair wage is the wage which is above the minimum wage but, below the living wage”. It is fixed between the minimum wage and capacity to pay by the industry. The lower limit of the fair wage is the minimum wage; the upper limit is set by the capacity of the industry to pay.

**Fair wage depends on several factors like:**

- (a) The productivity of labour
- (b) The prevailing rates of wage in the same or neighboring localities.
- (c) The level of national income and its distribution.
- (d) The place of industry in the economy of the country.



Thus, fair wage is determined on the basis of capacity of the industry to pay and region in which industry is located.

**iii. Living Wage:**

It is the wage that provides some of the comforts of life. It provides certain amenities considered necessary for the well-being of the worker. According to Fair Wage Committee “the living wage should enable the male earner to provide for himself and his family not merely the bare essentials of food, clothing and shelter but also a measure of frugal (using only as much money or food as is necessary) comfort including education for children, protection against ill health, requirements of essential social needs and measure of insurance against the more important mis-fortunes including old age”.

**Salary:**

The term salary refers to remuneration paid to the employees appointed on monthly or annual basis in return for the service rendered. Thus it refers to monthly rate of pay irrespective of number of hours put in by employees.

**Take Home Salary:**

It is the net amount of salary received by an employee after making all the deductions towards the payment of income tax, LIC premium and contribution to P.F. etc.

**2. Dearness Allowance (DA):**

Under section 3 of the Minimum Wages Act, DA is described as cost of living allowance. It is given to protect the real wages of workers during inflation. In India it has become integral part of the wage system.

Along with DA other allowances like City Compensatory Allowance (CCA), House Rent Allowance (HRA), Medical Allowance (MA), Education Allowance (EA), Conveyance Allowance etc., also form the part of compensation package.

However, inclusion of all these allowances in the compensation depends on nature and type of job, contents of job, place of job, terms and condition of appointment, capacity of employer etc.

**3. Incentives:**

Incentive is a reward paid in addition to wages whether monetary or not that motivates or compensates an employee for performance above the standard. Payment of incentive depends on productivity, sales and Profit of the organization.

#### **4. Fringe Benefits and Perquisites:**

##### **Fringe Benefits:**

It is a general term used to describe any of a variety of non-wage or supplemental benefits that employees receive in addition to their regular wages. These include such employee benefits as provident fund, gratuity, medical care, hospitalization, accident relief, paid holidays, health and group insurance, pension etc.

##### **Perquisites (Perks):**

Perquisites also called perks are the special benefits made available only to the top executives of an organization. These may include company car, furnished house, stock option scheme, club membership, paid holidays etc.



##### **Wage Policy:**

membership, paid holidays etc.

The term “Wage Policy” refers to legislation of government action undertaken to regulate the level or structure of wages or both for the purpose of achieving specific objectives of social and economic policy. The social and economic aspects of wage policy are normally inter-related measure inspired by special considerations; inevitably have economic effects and action designed to achieve specific economic result has social implications.

Principles which act as guidelines to determine a wage structure are called as wage policies. In the beginning as an economic issue it was primarily the concern of the employer while state was adopting laissez faire policy. But, with the industrial progress and subsequent industrial balance between employers, employees, wage bargain has become a matter for three folds concern of the employer, employee and the state.

The pressures of rising prices have encroached on the living standards of employees; the demand for higher wages and better working conditions create prices, market and production problems

for the management; and the final burden of finding a solution to the problems of wage policy ultimately falls on the government.

Some rational wage policy has to be woven into the socio-economic texture that reflects the objectives and aspirations of the people of a particular country. It cannot be dealt with on purely economic considerations in isolation from the social policy and political culture of that particular community.

Although an organization can take some guidelines from the public policy, while formulating its wage policy and subsequent strategy, an organization has to take care of a number of factors such as ongoing rates of wages in the market, its ability to pay, internal and external relativities, controlling of labor costs, motivation of workers and rate of productivity.

In this regard, the major factors that may affect the wage policy of an organization and which need to be paid due attention at the time of formulation of organizational wage policy are as follows –

1. Internal equity
2. External equity
3. Productivity
4. Cost of living
5. Motivation level of workers
6. Pay vis-a-vis performance
7. National wage policy
8. Statutory obligations
9. Labor market conditions
10. Present rate of attrition of employees.

Obviously, the wage policy may differ from one organization to another depending on the status and context of the organization concerned.

**Concept of Wages:**

**Concept # 1. Statutory Wages:**

By it, we mean the minimum amount of wages which should essentially be given to the workers as per the provisions of the Minimum Wages Act, 1948. It is the wage determined according to the procedure prescribed by the relevant provisions of the Minimum Wages Act, 1948.

Once the rates of such wages are fixed, it is the obligation of the employer to pay them, regardless of his ability to pay. Such wages are required to be fixed in certain employments where “sweated” labor is prevalent, or where there is a great chance of exploitation of labor.

**Concept # 2. Basic Wages:**

This minimum wage is fixed through judicial pronouncement, awards, industrial tribunals and labour courts. The employers are essentially to give this minimum wage to the workers. Bare or Basic Minimum Wage is the wage, which is to be fixed in accordance with the awards and judicial pronouncements of Industrial Tribunals, National Tribunals and Labor Courts. They are obligatory on the part of employers.

**Concept # 3. Minimum Wages:**

A minimum wage is one which has to be paid by an employer to his workers irrespective of his ability to pay. According to the Fair Wage Committee, “Minimum wage is the wage which must provide not only for the bare sustenance of life, but for the preservation of the efficiency of the workers. For this purpose, minimum wage must provide some measure of education, medical requirements and amenities.”

Subsequent to the committee’s report, Government enacted legal provisions regarding minimum wages under the Minimum Wages Act, 1948. This Act does not define the concept of minimum wages but empowers the Central Government as well as State Governments to fix minimum wages from time to time. Wherever this Act applies, the payment of minimum wages is mandatory.

The concept of minimum wages has developed due to different standards in different countries. In Indian context, minimum wage means the minimum amount which an employer thinks necessary for the sustenance of life and preservation of the efficiency of the worker.

Minimum wage legislation is the main labour legislation for the workers in unorganized sector. In India, the policy on wage determination had been to fix minimum wages in sweating employments and to promote fair wage agreements in the organized industries.

Wages in the organized sector are determined through negotiations and settlements between employer and employees. On the other hand, in unorganized sector, where labor is vulnerable to exploitation due to illiteracy and does not have effective bargaining power, the intervention of the Government becomes necessary.

The Minimum Wage Act, 1948 provides for fixation and enforcement of minimum wages in respect of schedule employments to prevent sweating or exploitation of labor through payment of low wages. The main objective of the Act is to ensure a minimum subsistence wage for workers.

The Act requires the appropriate government to fix minimum rates of wages in respect of employment specified in the schedule and review and revise the minimum rates of wages at intervals not exceeding five years.

Once a minimum wage is fixed according to the provisions of the Act, it is not open to the employer to plead his inability to pay the said wages to his employees.

**The minimum wage rate may be:**

- (a) Time rate,
- (b) Piece rate,
- (c) Guaranteed time rate, and
- (d) Overtime rate.

**The Act provides different minimum wage rates may be fixed for:**

- (a) Different scheduled employments,
- (b) Different works in the same employment,
- (c) Adult, adolescent and children,

(d) Different locations, or

(e) Male and female.

**Such minimum wage may also be fixed by:**

(a) An hour,

(b) Day,

(c) Month, or

(d) Any other period as may be prescribed by the notified authority.

In order to protect the minimum wages against inflation, the concept of linking it to the rise in the consumer price index was recommended at the labor ministers' conference in 1988. Since then, the concept of Variable Dearness Allowance (VDA) linked to consumer price index has been introduced.

The VDA is revised twice a year in April and October. The Centre has already made provision in respect of all scheduled employments in the central sphere. 22 states and Union Territories have adopted VDA as a component of minimum wage.

The fixation of minimum wage in India depends upon various factors like socio-economic and agro-climatic conditions, prices of essential commodities, paying capacity and the local factors influencing the wage rate. For this reason, the minimum wages vary across the country.

**Objectives of Minimum Wage:**

- i. To prevent exploitation of workers and secure a wage equal to work load.
- ii. To raise the wages in the industries where the wages are low, thus prevent sweating in industry.
- iii. To promote peace in industry by guaranteeing a wage rate this will enable them to meet their minimum requirements.
- iv. Raise the standards of living and efficiency of workers.

Concept # 4. Fair Wages:

The Government of India appointed a Fair Wages Committee in 1948 to determine the principles on which fair wages should be based and to suggest the lines on which those principles should be applied. The concept of fair wage is linked with the capacity of the industry to pay.

**The committee has defined fair wage as follows:**

“Fair wage is the wage which is above the minimum wage but below the living wage. The lower limit of the fair wage is obviously the minimum wage; the upper limit is to be set by the capacity of the industry to pay.”

**The fair wages depends upon the following factors:**

- (a) Minimum Wages
- (b) Capacity of the industry to pay
- (c) Prevailing rates of wages in the same or similar occupations in the same or neighbouring localities
- (d) Productivity of labour
- (e) Level of national income and its distribution
- (f) The place of the industry in the economy of the country

Concept # 5. Living Wages:

According to the report of Fair Wage Committee, “The living wage should enable the male earner to provide for himself and his family not merely the bare essentials of food, clothing and shelter, but also a measure of frugal comfort including education for children, protection against ill health, requirements of essential social needs and a measure of insurance against the more important misfortunes including old age.”

According to the Committee on Fair Wages, the living wage represents the highest level of the wages and includes all amenities which a citizen living in a modern civilized society is to expect when the economy of the country is sufficiently advanced and the employer is able to meet the

expanding aspirations of his workers. The living wage should be fixed keeping in view the national income and the capacity of the industry to pay.

The Constitution of India envisages a just and humane society and accordingly gives place to the concept of living wage in the chapter on Directive Principles of State Policy. The Minimum Wages Act, 1948 is based on Article 43 of the Constitution of India which states that, "The State shall endeavour to secure by suitable legislation or economic organization or in any other way to all workers, agricultural, industrial or otherwise, work, a living wage conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities".

Living wage is determined keeping in view the national income and paying capacity of industrial sector. The Committee also observed that since the national income did not support the payment of living wage. It should be implemented in three phases.

In the initial stage, the wages to be paid to the entire working class were to be established and stabilized. In the second phase, fair wages were to be established in the community and industry. In the final phase, the working class was to be paid the living wage.

Concept # 6. Need Based Wages:

The Indian Labour Conference at its 15<sup>th</sup> session held at New Delhi in July, 1957 suggested that minimum wage fixation should be need based. In the absence of any criteria stipulated for fixing the minimum wage in the Minimum Wages Act, the Indian Labour Conference in 1957 had said that the following norms should be taken into account while fixing the minimum wage.

### **Incentives: Meaning, Definition and Importance**

Anything that can attract an employee's attention and motivate them to work can be called as incentive. An incentive aims at improving the overall performance of an organization. Incentives can be classified as direct and indirect compensation. They can be prepared as individual plans, group plans and organizational plans.

Definition:

1. According to Milton L. Rock, incentives are defined as 'variable rewards granted according to variations in the achievement of specific results.'



2. According to K. N. Subramaniam, 'incentive is system of payment emphasizing the point of motivation, that is, the imparting of incentives to workers for higher production and productivity'.

3. The National Commission of Labour defines incentive as follows: '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 and targeted results'.

**Types of incentives:**

**Incentives can be classified into three categories:**

**1. Financial incentives:**

Some extra cash is offered for extra efficiency. For example, profit sharing plan and group incentive plans.

**2. Non-financial incentives:**

When rewards or prizes are provided by the organization to motivate the employees it is known as non-financial incentives.

**3. Monetary and non-monetary incentives:**

Many times, employees are rewarded with monetary and non-monetary incentives that include promotion, seniority, recognition for merits, or even designation as permanent employee.

**Employee Benefits: Meaning, Benefits, Objective and Other Details**

**Meaning of Employee Benefits:**

In addition to compensation in the form of wages and salaries, organisations provide workers with various services and programmes known as employee benefits. Previously these services and programmes were known as fringe benefits. Now these have become part of compensation package hence the word fringe is now not used and not appropriate even. Nowadays employee benefits are regarded as an important tool to retain employees and to improve the bottom-line of the organisation.

Benefit programmes play a vital role to maintaining an employee's standard of living when he suffers from health problem. The organisations that provide these benefits to their employees have improved image of caring employer. These benefits are the advantages that accrue to an employee apart from salary. They are not related to performance. According to Cockman,

“employee benefits are those benefits which are supplied by an employer to or for the benefits of an employee, and which are not in the form of wages, salaries and time rated payments.”

According to C.B. Mamoria, employee benefits are, “primarily a means in the direction of ensuring, maintaining and increasing the income of the employee. It is a benefit which supplements to a worker’s ordinary wages and which are of value to them and their families in so far as it materially increases their retirement.”

Characteristic Features of Employee Benefits:

- (1) Employee benefits are those payments which are paid to him in addition to the wages and salary he receives.
- (2) These benefits are not given to the worker for any specific performance of the jobs but they offered boosting his interests in work and make the job more productive for him.
- (3) Employee benefits represent labour cost. Whatever benefits are offered to the employees in kind or in money terms account for cost.
- (4) These benefits are offered to employees irrespective of their merit. Merit or non merit is not the criterion for these benefits.
- (5) Benefit given by the employer is meant for all the employees and not a specific group of employees.
- (6) This is a positive cost incurred by an employer to finance employee benefit.

Common Employee Benefits:

**Following are some of the benefits offered by employers to employees:**

- (1) Free lunch or lunch at subsidized rates offered to the employees.
- (2) Free medical facilities to the employee and the members of his family.
- (3) Employees are insured for life against accidents or illness. In India there is a provision for this under Employees State Insurance Act.

- (4) Provisions for retirement benefits such as provident Fund, gratuity, pension etc.
- (5) Leave Travel Allowance scheme is implemented by many govt. and non govt. organisation counts for paid holidays to the employees.
- (6) Maternity leave for 90 days is given to female employees.
- (7) Free education to the children of employees by providing educational allowance to the employees. Scholarships to the meritorious students of the employees are also given. Free transport service is provided to the school and college going students of the employees by the employers. This service is also provided to the employees for attending their duties in the office or factories. This service is provided freely in some companies and or at subsidized rates in other organisations.
- (8) Housing accommodation is yet another benefit provided to the employees at subsidized rates.
- (9) In some organisations where highly qualified employees are required, for their education study leave is granted. This is also a paid leave. In some cases company sponsors the employee for higher studies and bears all the expenses of his education.
- (10) Subscriptions for professional association is also borne by the employers.
- (11) Recreational facilities are also provided by the employers.

#### Objectives of Employee Benefits and Service Programmes:

It is necessary to ensure the commitment and sense of belonging to the organisation of the employees. This is being attained by the organisations through floating some novel schemes for the benefit of the employees.

#### **The following objectives are achieved through benefit and service programmes:**

- (1) To attract and retain the best employees in the organisation.
- (2) To fulfill the needs of the employees which he himself cannot provide such as protection against accidents and hazards?
- (3) To provide employees with such benefits which are prevailing in similar organisations.

- (4) Special privileges are provided to the employees for holding a special position in the organisation.
- (5) Some benefits are provided at the behest of the unions first to maintain good harmonious industrial relations.
- (6) Some special allowance provided to the employees to enhance their standard of living so as to increase their quality of working life.
- (7) Providing benefits to the employees enhances the image of the organisation in the eyes of the people in general and the consumers in particular.
- (8) By providing benefits to its employees the organisation fulfill their social commitment as contained in the Article 43 of the Indian constitution which states, “— All workers should be given a living wage, conditions of work ensuring decent standard of life and fuller enjoyment to ensure social and cultural opportunities.”
- (9) Benefits protect precious human resources during bad phases of life or period of contingencies of life. These benefits keep the human resources in ideal conditions which in turn increase the output. This is must for increase in growth of economy of the country.
- (10) The benefit by way of spending on the training and development of the employees and for improving the working conditions are provided.
- (11) Special allowances are given to supplement their regular income so that they can participate in social and cultural activities.

## **Employee Welfare**

### **Employee Welfare -Meaning, Merits and Demerits**

The Employee Welfare describes “efforts to provide good work-life at the workplace” “Employee welfare is a descriptive concept that encompasses different programs, incentives, and facilities that workers & employers are provided. The employer makes life worth living for workers through such generous fringe benefits.

Welfare includes all that is done to ensure employee comfort and improvement and that goes beyond wages. Social welfare contributes to maintaining employee morality and motivation so that employees can stay longer. The social welfare acts should not only have to be political but in every way. Employee welfare includes monitoring work conditions, building industrial harmony for workers and their families via health infrastructure, industrial relations, disease insurance, and accidents and unemployment.

Employee benefits encompass all of the employer's acts aimed at delivering such facilities and services to workers, aside from compensation or wages.

Performance, safety, commitment, and happy labor force for the company are the underlying reasoning behind delivering welfare schemes. The goal of providing these facilities is to improve their working lives and to increase their living standards.

This activity comes either through a law formed by the State or through a local tradition or through a collective agreement or at the initiative of the employer:

- To make philanthropic and paternalistic sensations known.
- To win the loyalty of the employee and to increase his moral standards.
- Fight against socialist ideas and unionism.
- Strengthening secure jobs, reducing labor income and absenteeism.
- Developing workplace performance and productivity.
- Save yourself from high surplus taxes.
- Goodwill and public relations enhancement.
- Reducing the possibility of further government interference.
- To increasing the efficacy of recruitment (because these incentives contribute to the work appeal).

**Merits of Employee Welfare:**

- Provide staff with improved physical and mental health and foster a safe working atmosphere.
- Facilities such as accommodation, medical care, and schooling and leisure facilities for the families of staff help raise their living conditions. It allows staff to concentrate more on work and thereby increase productivity.

- By having healthcare services, workers provide a stable workforce. Workers are deeply involved in their roles and work with a sense of engagement.
- The welfare measures of employees increase organizational productivity and promote sound industrial relations, maintaining industrial peace.
- The welfare policies are raising the social evils prevalent among work such as drug abuse, etc.

**Demerits of Employee Welfare:**

- The welfare schemes become the driving force to work: ...
- The Financial burden for the company
- To maintain a competitive edge in the market
- Outshines all the old schemes of the company
- Fear of employees leaving the organization
- Increases the budget of the company

**Employee Grievance**

Grievance is a feeling of discontentment or dissatisfaction among workers regarding anything concerned with the company. Grievance may be felt by any party (employer or employee) against the other party.

Dale S. Beach has expressed his view as follows- “Grievance is any dissatisfaction or feeling of injustice in connection with one’s employment situation that is brought to the attention of management.”

Grievance is also defined as real or imaginary feeling of personal injustice which an employee has, concerning his employment relations. Grievance implies dissatisfaction or distress or suffering or grief caused unnecessarily or illegally.

**Ways of Handling Employee Grievances:**

1. Fairness – Fairness is needed not only to be just but also to keep the procedure viable, if employees develop the belief that the procedure is only a formality, then its value will be lost, and other means sought to deal with the grievances. This also involves following the principles of natural justice, as in the case of a disciplinary procedure.
2. Facilities for Representation – Representation, can be of help to the individual employee who lacks the confidence or experience to take on the management single-handedly. However, there is also the risk that the presence of the representative produces a defensive management attitude,

affected by a number of other issues on which the manager and representative may be at loggerheads.

3. Procedural Steps – Steps should be limited to three. There is no value in having more just because there are more levels in the management hierarchy. This will only lengthen the time taken to deal with matter and will soon bring the procedure into disrepute.

4. Promptness – Promptness is needed to avoid the bitterness and frustration that can come from delay.

### **Industrial Relations:**

Industrial Relations: The term industrial relations refer to industry and relations. “Industry” means “any productive activity in which an individual is engaged” and relations” means “the relations that exist in the industry between the employer and his workmen.”

Thus, **industrial relations** are seen as relationships between employees and employers within the organizational settings. The field of industrial relations looks at the relationship between management and workers, particularly groups of workers represented by a union.

### **Concept of Industrial Relations**

The concept of industrial relations means the relationship between the employees and management in the day to day working of an industry. The Indian IR scenario has been rapidly changing with the opening up of the liberalized economy and the subsequent inflow of the Multinational Corporations (MNCs).

This has brought a shift in the attitude towards the relationship. This entry of MNCs has shifted the focus from a labour economy to a human economy .An extensive linkage between economy, politics and history has always characterized Indian IR. The changes that are taking place are primarily due to endogenous forces embedded within India’s political economy.

There has been a major effect on the macro economic aspect on the structure of the labour market (productivity, employment and wages), also on the structure of IR (number of unions, collective bargaining, labour legislation, industrial conflict and state intervention).These transformations have brought in changes on the growth pattern of the economy.

Industrial relations have a broad as well as a narrow outlook. Originally, industrial relations were broadly defined to include the relationships and interactions between employers and employees.

Industrial relations cover all aspects of the employment relationship, including human resource management, employee relations, and union management (or labor) relations.

The meaning has become more specific and restricted. Industrial relations pertains to the study and practice of collective bargaining, trade unionism, and labor management relations, while human resource management is a separate, largely distinct field that deals with nonunion employment relationships and the personnel practices and policies of employers.

### **Nature of Trade Unions:**

A trade union or labour union is a continuing long term association of employees formed to promote, protect and improve, through collective action, the social, economic and political interests of its members.

A trade union may also be defined as any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen or between employers and employers or for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more unions.

### **Nature of Trade Unions**

Trade unions are voluntary organizations of workers or employers formed to promote and protect their interests through collective action. The Trade Unions Act, 1926 defines a trade union as a combination, whether temporary or permanent, formed -

1. Primarily for the purpose of regulating the relation between
  - a. Workmen and employers or
  - b. Between workmen and workmen, or
  - c. Between employers and employers, or
2. For imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or, more trade unions.



An analysis of the above definition reveals that trade union must be:

1. A combination of workers or employers,
2. Such a combination could be permanent or temporary,
3. Could include federation of two or more unions, and
4. To regulate relations among workmen, between workmen and employers or among employers themselves.

According to National Commission on Labour – Trade Union must work –

- i. To secure interest of workers for fair wages.
- ii. To safeguard security of tenure and improving conditions of service.
- iii. To enlarge opportunities for Training and Promotion
- iv. To provide education, cultural and recreational activities
- v. To offer responsive cooperation in improving production, discipline and quality.
- vi. To promote industrial and collective welfare.
- vii. To promote National Integration.
- viii. To instill in members a sense of responsibility towards industry and community.

According to 1<sup>st</sup> 5 Year Plan – Trade Unions should –

- (a) Present plans to workers so as to create enthusiasm among them for the plans.
- (b) Exercise utmost restraint with regard to work stoppage.
- (c) Formulate wage demands, which are attuned to the requirement of economic development in keeping with the principles of social justice.
- (d) Assume greater responsibility for the success of productive efforts.

Employees' associations constitute one of the major stakeholders in industrial relations system. These associations are called by different names but the term trade union has become most common throughout the world. The concept of trade union, though originated in the context of blue-collar workers, has extended beyond and covers white-collar employees and even supervisors and officers.

In the present context, all classes of employees at lower levels in organizations have formed unions to increase their bargaining position. This tendency is more prevalent in public sector.

## Collective Bargaining

Frequently, unions or groups of employees work together as a unit to communicate and negotiate common interests with an employer. While organized and unified, workers can be more effective in negotiations than they would otherwise be as individuals. The term "collective bargaining" refers to the process through which workers negotiate with an employer about terms and conditions of employment.

The right of labor unions to collectively bargain is guaranteed by the National Labor Relations Act of 1935, commonly known as the Wagner Act. The Wagner Act sets forth a framework for the procedure and practice through which elected officials from a union meet with employers and negotiate employment conditions. One representative is allowed per unit of employees, and employers are also entitled to representation. However, the right to collective bargaining is not extended to all employees. Notably, independent contractors and government employees are not entitled to this process.

Topics commonly addressed through the collective bargaining process include:

- Wages and hours
- Health, retirement, and other benefits
- Time off
- Raises and promotions
- Insurance
- Layoffs
- Working conditions

Those participating in collective bargaining have a duty to do so in good faith. In this context, this typically means refraining from certain behavior, such as refusing to meet and attempt to bargain, engaging in sham or misleading negotiations, or making changes to an agreement without conferring with the other side.

## The Collective Bargaining Process

The collective bargaining process begins with some sort of labor disagreement, when a union or group of workers doesn't see eye to eye with an employer on a particular employment issue. The

first stage of the process involves preparation, where each side chooses a representative to represent their respective interest in the negotiations.

Next, the parties meet for a discussion. The negotiation process can frequently turn heated and emotionally charged. For that reason, the parties typically agree to certain ground rules before beginning, in order to avoid conflict which could cause the process to fail. Once the specifics of the dispute have been discussed, the parties exchange proposals of options to resolve the dispute. This is followed by the bargaining process, whereby the parties explore various potential compromises.

As the parties get close to reaching an agreement, a tentative written collective bargaining agreement is drafted, revised, and developed as the parties reach a final agreement. Once all terms are firm, the final collective bargaining agreement is reviewed and signed by both parties, and becomes a binding contract.

### **Benefits of Collective Bargaining**

There are many benefits to collective bargaining. Studies have shown that employees who collectively bargain have better working conditions, higher wages, and better benefits packages than employees who don't. It has been found that, when workers are given more of a say in important labor issues, the general stability of the business is increased.

The process also gives a voice to workers and allows their grievances to be heard and acknowledged. The successful collective bargaining process can promote dignity and mutual respect in the workplace. The process, when working correctly, can also help avoid strikes by workers due to a breakdown in the negotiation process.

