# 1

# INTRODUCTION TO HUMAN RESOURCE MANAGEMENT AND ENVIRONMENT

## OBJECTIVE OF THE UNIT

After the completion of the unit the student will be able to

1. Understand nature of Human Resource Management
2. Know the differences Between Personnel Management and Human Resource Management
3. Understand Objectives of Human Resource Management
4. Know the Functions of Human Resource Management
5. Understand Importance of Human Resource Management
6. Understand Legacy of HRM
7. Highlight the future Challenges before the Managers
8. Understand New Role of Human Resource Management

## INTRODUCTION

Human Resource Management (HRM) is a relatively new approach to managing people in any organisation. People are considered the key resource in this approach. it is concerned with the people dimension in management of an organisation. Since an organisation is a body of people, their acquisition, development of skills, motivation for higher levels of attainments, as well as ensuring maintenance of their level of commitment are all significant activities. These activities fall in the domain of HRM.

Human Resource Management is a process, which consists of four main activities, namely, acquisition, development, motivation, as well as maintenance of human resources.

Scott, Clothier and Spriegel have defined Human Resource Management as that branch of management which is responsible on a staff basis for concentrating on those aspects of operations which are primarily concerned with the relationship of management to employees and employees to employees and with the development of the individual and the group.

Human Resource Management is responsible for maintaining good human relations in the organisation. It is also concerned with development of individuals and achieving integration of goals of the organisation and those of the individuals.

Northcott considers human resource management as an extension of general management, that of prompting and

stimulating every employee to make his fullest contribution to the purpose of a business. Human resource management is not something that could be separated from the basic managerial function. It is a major component of the broader managerial function.

French Wendell, defines “Human resource management as the recruitment, selection, development, utilisation, compensation and motivation of human resources by the organisation”.

According to Edwin B. Flippo, “Human resource management is the planning, organising, directing and controlling of the procurement, development, resources to the end that individual and societal objectives are accomplished”. This definition reveals that human resource (HR) management is that aspect of management, which deals with the planning, organising, directing and controlling the personnel functions of the enterprise.

## NATURE OF HUMAN RESOURCE MANAGEMENT

The emergence of human resource management can be attributed to the writings of the human relationists who attached great significance to the human factor. Lawrence Appley remarked, “Management is personnel administration”. This view is partially true as management is concerned with the efficient and effective use of both human as well as non-human resources. Thus human resource management is only a part of the management process. At the same time, it must be recognised that human resource management is inherent in the process of management. This function is performed by all the managers. A manager to get the best of his people, must undertake the basic responsibility of selecting people who will work under him and to help develop, motivate and guide them. However, he can take the help of the specialised services of the personnel department in discharging this responsibility.

The nature of the human resource management has been highlighted in its following features :

**1. Inherent Part of Management :** Human resource management is inherent in the process of management. This function is performed by all the managers throughout the organisation rather that by the personnel department only. If a manager is to get the best of his people, he must undertake the basic responsibility of selecting people who will work under him.

**2. Pervasive Function :** Human Resource Management is a pervasive function of management. It is performed by all managers at various levels in the organisation. It is not a responsibility that a

manager can leave completely to someone else. However, he may secure advice and help in managing people from experts who have special competence in personnel management and industrial relations.

**3. Basic to all Functional Areas :** Human Resource Management permeates all the functional area of management such as production management, financial management, and marketing management. That is every manager from top to bottom, working in any department has to perform the personnel functions.

**4. People Centered :** Human Resource Management is people centered and is relevant in all types of organisations. It is concerned with all categories of personnel from top to the bottom of the organisation. The broad classification of personnel in an industrial enterprise may be as follows : (i) Blue-collar workers (i.e. those working on machines and engaged in loading, unloading etc.) and white-collar workers (i.e. clerical employees), (ii) Managerial and non-managerial personnel, (iii) Professionals (such as Chartered Accountant, Company Secretary, Lawyer, etc.) and non-professional personnel.

**5. Personnel Activities or Functions :** Human Resource Management involves several functions concerned with the management of people at work. It includes manpower planning, employment, placement, training, appraisal and compensation of employees. For the performance of these activities efficiently, a separate department known as Personnel Department is created in most of the organisations.

**6. Continuous Process :** Human Resource Management is not a 'one shot' function. It must be performed continuously if the organisational objectives are to be achieved smoothly.

**7. Based on Human Relations :** Human Resource Management is concerned with the motivation of human resources in the organisation. The human beings can't be dealt with like physical factors of production. Every person has different needs, perceptions and expectations. The managers should give due attention to these factors. They require human relations skills to deal with the people at work. Human relations skills are also required in training performance appraisal, transfer and promotion of subordinates.

**Personnel Management VS Human Resource Management :**

Contemporary Human Resource Management, as a part and parcel of management function, underscores strategic approach to management in areas of acquisition, motivation, and management of people at work.

Human Resource Management derives its origin from the practices of the earlier personnel management, which assisted in the management of people in an organisation setup. Human Resource Management leverages setting up the systems and procedures for ensuring efficiency, controlling and providing equality of opportunities for all working for the organisation.

Human Resource Management (HRM) differs from Personnel Management (PM) both in scope and orientation. HRM views people as an important source or asset to be used for the benefit of organisations, employees and society. It is emerging as a distinct philosophy of management aiming at policies that promote mutuality-mutual goals, mutual respect, mutual rewards and mutual responsibilities. The belief is that policies of mutuality will elicit commitment, which in turn, will yield both better economic performance and greater Human Resource Development (HRD). Though a distinct philosophy, HRM cannot be treated in isolation. It is being integrated into the overall strategic management of businesses. Further, HRM represents the latest term in the evolution of the subject.

There are several similarities between Human Resource Management (HRM) and Personnel Management (PM) (a) Both models emphasise the importance of integrating personnel/HRM practices with organisational goals. (b) Both models vest Personnel/HRM firmly in line management. (c) Human Resource Management (HRM) and Personnel Management (PM) both models emphasise the importance of individuals fully developing their abilities for their own personal satisfaction to make their best contribution to organisational success. (d) Both models identify placing the right people into the right jobs as an important means of integrating personnel/HRM practice with organisational goals.

## OBJECTIVES OF HUMAN RESOURCE MANAGEMENT

According to Scott, Clothier and Spriegal, “The objectives of Human Resource Management, in an organisation, is to obtain maximum individual development, desirable working relationships between employers and employees and employees and employees, and to affect the moulding of human resources as contrasted with physical resources”.

The basic objective of human resource management is to contribute to the realisation of the organisational goals. However, the specific objectives of human resource management are as follows :

(i) To ensure effective utilisation of human resources, all other organisational resources will be efficiently utilised by the human resources.
(ii) To establish and maintain an adequate organisational structure of relationship among all the members of an organisation by dividing of organisation tasks into functions, positions and jobs, and by defining clearly the responsibility, accountability, authority for each job and its relation with other jobs in the organisation.
(iii) To generate maximum development of human resources within the organisation by offering opportunities for advancement to employees through training and education.
(iv) To ensure respect for human beings by providing various services and welfare facilities to the personnel.
(v) To ensure reconciliation of individual/group goals with those of the organisation in such a manner that the personnel feel a sense of commitment and loyalty towards it.
(vi) To identify and satisfy the needs of individuals by offering various monetary and non-monetary rewards.

In order to achieve the above objectives, human resource management undertakes the following activities :
(i) Human Resource Planning, i.e., determining the number and kinds of personnel required to fill various positions in the organisation.
(ii) Recruitment, selection and placement of personnel, i.e., employment function.
(iii) Training and development of employees for their efficient performance and growth.
(iv) Appraisal of performance of employees and taking corrective steps such as transfer from one job to another.
(v) Motivation of workforce by providing financial incentives and avenues of promotion.
(vi) Remuneration of employees. The employees must be given sufficient wages and fringe benefits to achieve higher standard of living and to motivate them to show higher productivity.
(vii) Social security and welfare of employees.

## FUNCTIONS OF HUMAN RESOURCE MANAGEMENT.

The main functions of human resource management are classified into two categories:
(a) Managerial Functions and (b) Operative Functions

**(a) Managerial Functions**
Following are the managerial functions of Human Resources Management.

**1. Planning :** The planning function of human resource department pertains to the steps taken in determining in advance personnel requirements, personnel programmes, policies etc. After determining how many and what type of people are required, a personnel manager has to devise ways and means to motivate them.

**2. Organisation :** Under organisation, the human resource manager has to organise the operative functions by designing structure of relationship among jobs, personnel and physical factors in such a way so as to have maximum contribution towards organisational objectives. In this way a personnel manager performs following functions :

(a) preparation of task force;
(b) allocation of work to individuals;
(c) integration of the efforts of the task force;
(d) coordination of work of individual with that of the department.

**3. Directing :** Directing is concerned with initiation of organised action and stimulating the people to work. The personnel manager directs the activities of people of the organisation to get its function performed properly. A personnel manager guides and motivates the staff of the organisation to follow the path laid down in advance.

**4. Controlling :** It provides basic data for establishing standards, makes job analysis and performance appraisal, etc. All these techniques assist in effective control of the qualities, time and efforts of workers.

**(b) Operative Functions :** The following are the Operative Functions of Human Resource Management

**1. Procurement of Personnel :** It is concerned with the obtaining of the proper kind and number of personnel necessary to accomplish organisation goals. It deals specifically with such subjects as the determination of manpower requirements, their recruitment, selecting, placement and orientation, etc.

**2. Development of Personnel :** Development has to do with the increase through training, skill that is necessary for proper job performance. In this process various techniques of training are used to develop the employees. Framing a sound promotion policy, determination of the basis of promotion and making performance appraisal are the elements of personnel development function.

**3. Compensation to Personnel :** Compensation means determination of adequate and equitable remuneration of personnel for their contribution to organisation objectives. To determine the

monetary compensation for various jobs is one of the most difficult and important function of the personnel management. A number of decisions are taken into the function, viz., job-evaluation, remuneration, policy, inventive and premium plans, bonus policy and co-partnership, etc. It also assists the organisation for adopting the suitable wages and salaries, policy and payment of wages and salaries in right time.

**4. Maintaining Good Industrial Relation :** Human Resource Management covers a wide field. It is intended to reduce strifies, promote industrial peace, provide fair deal to workers and establish industrial democracy. It the personnel manager is unable to make harmonious relations between management and labour industrial unrest will take place and millions of man-days will be lost. If labour management relations are not good the moral and physical condition of the employee will suffer, and it will be a loss to an organisation vis-a-visa nation. Hence, the personnel manager must create harmonious relations with the help of sufficient communication system and co-partnership.

**5. Record Keeping :** In record-keeping the personnel manager collects and maintains information concerned with the staff of the organisation. It is essential for every organisation 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 organisation and its practices, personnel audit, morale, survey and performance appraisal, etc.

## IMPORTANCE OF HUMAN RESOURCE MANAGEMENT

Human Resource Management has a place of great importance. According to **Peter F. Drucker,** "The proper or improper use of the different factors of production depend on the wishes of the human resources. Hence, besides other resources human resources need more development. Human resources can increase cooperation but it needs proper and efficient management to guide it".

Importance of personnel management is in reality the importance of labour functions of personnel department which are indispensable to the management activity itself. Because of the following reasons human resource management holds a place of importance.

1. It helps management in the preparation adoption and continuing evolution of personnel programmes and policies.

2. It supplies skilled workers through scientific selection process.
3. It ensures maximum benefit out of the expenditure on training and development and appreciates the human assets.
4. It prepares workers according to the changing needs of industry and environment.
5. It motivates workers and upgrades them so as to enable them to accomplish the organisation goals.
6. Through innovation and experimentation in the fields of personnel, it helps in reducing casts and helps in increasing productivity.
7. It contributes a lot in restoring the industrial harmony and healthy employer-employee relations.
8. It establishes mechanism for the administration of personnel services that are delegated to the personnel department.

Thus, the role of human resource management is very important in an organisation and it should not be undermined especially in large scale enterprises. It is the key to the whole organisation and related to all other activities of the management i.e., marketing, production, finance etc.

Human Resource Management is concerned with the managing people as an organizational resources rather than as factors of production. It involves a system to be followed in business firm to recruit, select, hire, train and develop human assets. It is concerned with the people dimension of an organization. The attainment of organizational objectives depends, to a great extent, on the way in which people are recruited, developed and utilized by the management. Therefore, proper co-ordination of human efforts and effective utilisation of human and others material resources is necessary.

## Legacy of HRM :

The legacy of HRM needs to be analysed from two different perspectives to get a better insight into its nature. These are (a) the Western context (b) the Indian context.

**(a) Western Context :** The origin of HRM, as is known today, date back to ancient times. One find a reference of HR policy as early as 400 B.C., when the Chaldeans had a sound incentive wage plan. All that has changed over the years is the status of the employees, their roles and relationship-inter personal and inter-group. The status of labour prior to industrial revolution was extremely low and the relationships were characterised by slavery, seldom and guild system. The slaves performed manual tasks to agricultural, military and clerical responsibilities. The efficiency levels were low due to over-dependence on negative incentives and negligence of positive incentives.

The slavery structure was replaced by seldom, were neither slaves nor hired labourers. The structure was related to rural and agrarian pursuits. Workers were offered positive incentives which resulted in enhanced productivity and reduced need for supervision. Seldom disappeared during Middle Ages with growth in manufacturing and commercial enterprises. It was replaced by the Guild System.

The guild system involved the owners, the journeyman and the apprentice. It was here that real HRM started. One noticed, proper selection procedures being adopted, workers being imparted training and collective bargaining being adopted to settle issues pertaining to wages and working conditions.

With the advent of Industrial Revolution, the guild system disappeared. The doctrine of laisser-faire was advocated and the cottage system got transformed to factory system leading to enhanced specialisation. But this period was dominated by many unhealthy practices like unhealthy work environment, long working hours, increased fatigue rate, monotony, strains, likelihood of accidents and poor work relationship. Progressive entrepreneurs like Owen believed that healthy work environment could be effectively used to improve productivity. But his opinion faced severe opposition.

A major change was noticed in personnel practices after the World War I. The modern HRM started in 1920. Groups were formed to conduct research on personnel problems. A number of studies were undertaken to analyse the fallacies in the personnel field. For the first time, psychology was applied to management. The Hawthorne studies advocated the need to improve industrial relations for increasing production. The application of psychology brought a dramatic change in the work relationship and productivity started increasing. But this prosperity ended during the great depression. Thereafter, organisations started offering fringe benefits to workers to induce them to work. Findings of behavioural science were used to enhance productivity.

Increasing number of organisations adopting manpower planning, management development, techniques of personnel management, etc. Personnel departments started stressing on management-individual employee relationships. This was followed by setting up of labours relations department to negotiate and administer collective bargaining. Federal interest gave rise to manpower management department. The members of these departments were technically competent in testing, interviewing, recruiting, counselling, job evaluation negotiation and collective bargaining. They also acquired expertise in wage and salary

administration, employee benefit schemes and services, training and development and other allied services. The top management started encouraging line managers in middle management to consult personnel departments in these respects. This department, later on acquired recognition as staff to the working-line. This led to multiplicity of personnel jobs instead of a single, stereotyped task. The personnel or human resource manager became a part of top management.

In todays world, stress is on scientific selection, training and development. There is an increasing emphasis on interrelationship between the leader, follower and the environment. Attempts are also on to provide scope to an individuals personal dignity, status and sense of achievement. The concern is increasing profits through people.

HRM in India is centuries old. The first reference of HRM was provided by Kautilya as early as 4th century B.C. in his book 'Arthashastra'. The work environment had logical procedures and principles in respect of labour organisation such as 'Shreni' Wages were paid in terms of quantity and quality of work. Workers were punished for unnecessary delay or spoiling of work. Kautilyas contribution was based on 'Shamrastra Concepts like job description, qualifications for jobs, selection procedures, executive development, incentive system and performance appraisal were very effectively analysed and explained.

The guild system prevailed in the Indian economy too. It was based on 'Varnashram' or caste system and resulted in division of labour accordingly. In the course of time, professions became hereditary. From 14th century B.C. to the latter half of 10th century B.C., the relationship of employer-employee was marked with justice and equity.

The HRM experienced full in mediaeval India due to foreign aggressions over the next 700 years. During the Mughal rule, Karkhanas' were established, but the artisans and craftsmen were poor and lived on starvation level and the productivity was low.

During the British rule, the work environment was appalling and full of inhuman cruelties. This continued till 1881 when the Factory Act was enacted. This Act provided for (i) weekly holidays (ii) fixation of working hours (iii) fixation of minimum age for children at 7 years subject to a maximum working period of 7 hours a day.

In 1890, the first labour organisation was formed and was known as Bombay Mill Hands Association. This association started working for improving the work environment and for getting the

workers their rightful dues. The success of this association Few amongst these were Printers Union Calcutta (1905), Postal Union, Bombay (1907) and Madras Labour Union (1918).

The union movement was very weak till the early thirties. But the situation showed marked improvement 5 years before and after the Second World War. After independence, the activities of the personnel department have multiplied.

Human resource department is expected to take care of welfare activities, employment, safety, training, wage and salary administration, promotions, transfers, lay-off, improvement in living and working conditions, health services, safety measurers, prevention and settlement of disputes, etc.

## FUTURE CHALLENGES BEFORE THE MANAGERS

Because of continuous changing socio-economic, technological and political conditions, the human resource managers of the future shall have to face more problems in the management of labour. The human resource managers of today may find themselves obsolete in the future due to changes in environment if they do not update themselves some of the important challenges which might be faced by the managers in the management of people in business and industry are discussed below :

**1. Increasing Size of Workforce :** The size of organisations is increasing. A large number of multinational organisations have grown over the years. The number of people working in the organisation has also increased. The management of increased workforce might create new problems and challenges as the workers are becoming more conscious of their rights.

**2. Increase in Education Level :** The governments of various countries are taking steps to eradicate illiteracy and increase the education level of their citizens. Educated consumers and workers will create very tough task for the future managers.

**3. Technological Advances :** With the changes coming in the wake of advanced technology, new jobs are created and many old jobs become redundant. There is a general apprehension of immediate unemployment. In the competitive world of today, industry cannot hope to survive for long with old technology. The problem, of unemployment resulting from modernisation will be solved by properly assessing manpower needs and training of redundant employees in alternate skills.

**4. Changes in Political Environment :** There may be greater Government's interference in business to safeguard the interests of workers, consumers and the public at large. Government's participation in trade, commerce and industry will also pose many challenges before management. The Government may restrict the scope of private sector in certain areas in public interest. It does not mean chances of co-operation between the Government and private sector are ruled out. In fact, there will be more and more joint sector enterprises.

**5. Increasing Aspirations of Employees :** Considerable changes have been noted in the worker of today in comparison to his counterpart of 1950s. The workers are becoming more aware of their higher level needs and this awareness would intensify further in the future workers.

**6. Changing Psychosocial System :** In future, organisations will be required to make use of advanced technology in accomplishing their goals while satisfying human needs. In the traditional bureaucratic model, the organisations were designed to achieve technical functions with a little consideration given to the psychosocial system. But future management would be required to ensure effective participation of lower levels in the management of the organisation system.

**7. Computerised Information System :** In the past, the automation of manufacturing processes had a major effect upon the systems of production, storage, handling and packaging, etc. More recently, there has been and in the future there will be the impact of revolutionary computerised information system on management. This revolutionary development would cover two primary areas of personnel management which are as follows :

(a) The use of electronic computers for the collection and processing of data, and
(b) The direct application of computers in the managerial decision making process.

**8. Mobility of Professional Personnel :** Organisations will expand the use of "boundary agents" whose primary function will be achieving coordination with the environment. One interesting fact will be an increase in the mobility of various managerial and professional personnel between organisations. As individuals develop greater technical and professional expertise, their services will be in greater demand by other organisations in the environment.

**9. Changes in Legal Environment :** Many changes are taking place in the legal framework within which the industrial relations

systems in the country are now functioning. It is the duty of the human resource or personnel executive to be aware of these changes and to bring about necessary adjustments within the organisations so that greater utilisation of human resources can be achieved. This, indeed, is and would remain a major challenge for the personnel executive.

**10. Management of Human Relations :** On the 'industrial relations' front, things are not showing much improvement even after so many efforts by the government in this direction. Though a large number of factors are responsible for industrial unrest but a very significant cause is the growth of multiunions in industrial complexes having different political affiliations. Under the present conditions, it appears that inter-union rivalries would grow more in the coming years and might create more problems in the industry.

Management of human relations in the future will be more complicated than it is today. Many of the new generation of employees will be more difficult to motivate than their predecessors. This will be in part the result of a change in value systems coupled with rising educational levels. Greater skepticism concerning large organisations and less reverence for authority figures will be more common. Unquestioning acceptance of rules and regulations will be less likely.

**New Role of Human Resource Management**

Human Resource Management in the 'New Millenium' has undergone a great revolution by questioning the accepted practices and re-inventing the organisations as well as structures. Many traditional practices have been thrown out. As an example, it can be seen that hierarchies are vanishing and there is greater emphasis on flat organisations. It means a great deal of specialisation and skills. It also means upgrading the norms and standards of work as well as performance.

The new role of human resource management is much more strategic than before. Some of the new directions of the role of HRM can be summed up as follows :

**1. A Facilitator of Change :** To carry people through upheaval requires the true management of human resources.

**2. An Integrated Approach to Management :** Rather than being an isolated function, human resource is regarded as a core activity, one which shapes a company's values. In particular, this can have an impact on customer service.

**3. A Mediator :** Establishing and balancing the new and emerging aspirations and requirements of the company and the individual.

These changes, which are taking place, involve more commitment of the organisation to the development of people by improving performance and cutting costs. As a result of this, the duration of tenure, which was traditionally long standing, is now limited, future is becoming less certain, management opportunities are self-determined and motivational factors are more concerned with enhancing future employability rather than loyalty to the company and, at the same time, the rewards are going up in terms of higher salaries. The future creative careers, will require more involved approach to career development, which will include :

(i) Share employees with strategic partner organisations (customers of suppliers) in lieu of internal moves.

(ii) Encourage independence : Employees may go elsewhere for career development, possibly to return in a few years.

(iii) Fund-groups of employees to set-up as suppliers outside the organisation.

(iv) Encourage employees to think of themselves as a business and of the organisation's various departments as customers.

(v) Encourage employees to develop customers outside the organisation.

(vi) Help employees develop self-marketing, networking and consultancy skills to enable them to search out, recognise or create new opportunities for both themselves and the organisation.

(vii) Identify skilled individuals in other organisations who can contribute on a temporary project basis or part-time.

(viii) Regularly expose employees to new people and ideas to stimulate innovation.

(ix) Balance external recruitment at all levels against internal promotion to encourage open competition, "competitive tendering" for jobs to discourage seeing positions as someone's territory which causes self-protective conformity.

(x) Forster more cross-functional teamwork for self-development.

(xi) Eliminate the culture of valuing positions as career goals in favour of portraying a career as a succession of bigger projects, achievements and new skills learned. The concept of "position" is part of the outside static concept of the organisation. Positions are out. Processes and projects are in.

(xii) Abandon top-down performance appraisal in favour of self-appraisal based on internal customer satisfaction surveys and assessing people as you would suppliers.

(xiii) Replace top-down assessment processes with self-assessment techniques and measure performance in term of results.

**Functions of a Human Resource Manager**

A human resource manager, charged with fulfilling the objectives of an organisation, should be a leader with high intellectual powers, a visionary and a philosopher who provides the initiative to shape the future in terms of leading the human beings in an organisation towards more prosperous and progressive policies.

**1. Human Resource Man as an Intellectual :** The basic skill in the human resource field as compared to technologists or financial experts is the skill to communicate, articulate, understand and above all, to be an expert when it comes to putting policies and agreements in black and white. The personnel man's skill lies in his command over the language. A personnel man has to deal with employees and he must possess the skills of conducting fruitful and systematic discussions and of communicating effectively. He should also be in a position to formulate principles and foresee the problems of the organisation. This means that he would require the mental ability to deal with his people in an intelligent manner as well as to understand what they are trying to say..

**2. Human Resource Man as an Educator :** It is not enough that a human resource man has command-over the language, which, however, remains his primary tool. He should be deeply interested in learning and also in achieving growth. Basically, human beings like to grow and realise their full potential. In order to harmonise the growth of individuals with that of the organisation, a personnel administrator must not only provide opportunities for his employees to learn, get the required training and assimilate new ideas but also he himself should be a teacher. A personnel man who simply pushes files and attends labour courts for conciliation purposes and other rituals of legal procedure for the settlement of industrial disputes is not a personnel administrator of the future.

**3. Human Resource Man as a Discriminator :** A human resource administrator must have the capacity to discriminate

between right and wrong, between that which is just and unjust and merit and non-merit. In other words, he should be a good judge when he sits on a selection board, a fair person when he advises on disciplinary matters and a good observer of right conduct in an organisation.

**4. Human Resource Man as an Executive :** The human resource man must execute the decisions of the management and its policies with speed, accuracy and objectivity. He has to streamline the office, tone up the administration and set standards of performance. He has to coordinate the control functions in relation to the various other divisions and, in doing so he should be in a position to bring unity of purpose and direction in the activities of the personnel department. He must ask relevant questions and not be merely involved in the office routine whereby the status quo is maintained. He should have the inquisitiveness to find out causes of delay, tardy work and wasteful practices, and should be keen to eliminate those activities from the personnel functions which have either outlived their utility or are not consistent with the objectives and purposes of the organisation.

**5. Human Resource Man as a Leader :** Being basically concerned with people or groups of people, and being placed in the group dynamics of various political and social functions of an organisation, a Human resource man must not shirk the role of leadership in an organisation. He, by setting his own example and by working towards the objectives of sound personnel management practices, must inspire his people and motivate them towards better performance. He should resolve the conflicts of different groups and build up teamwork in the organisation.

**6. Human Resource Man as a Humanist :** Deep faith in human values and empathy with human problems, especially in less developed countries, are the sine qua non for a Human resource man. He has to deal with people who toil at various levels and partake of their joys and sorrows. He must perform his functions with sensitivity and feeling.

**7. Human Resource Man as a Visionary :** While every leading function of an organisation must evolve its vision of the future, the primary responsibility for developing the social organisation towards purposive and progressive action fall on the personnel man. He should be a thinker who sets the pace for policy-making in an organisation in the area of human relations and should gradually work out new patterns of human relations management consistent with the needs of the organisation and the society. He must ponder on the social obligations of the enterprise, especially if it is in the public sector, where one has to work within the framework of social accountability. He should be in close touch

with socio-economic changes in the country. He should be able to reasonably forecast future events and should constantly strive to meet the coming challenges.

**Role and Challenges of Human Resource Manager**

Human Resource (HR) Department is established in every organisation under the charge of an executive known as Human Resource Manager. This department plays an important role in the efficient management of human resources. The human resource department gives assistance and provides service to all other departments on personnel matters. Though personnel or human resource manager is a staff officer in relation to other departments of the enterprise, he has a line authority to get orders executed within his department. The human resource manager performs managerial functions like planning, organising, directing and controlling to manage his department. He has also to perform certain operative functions like recruitment, selection, training, placement, etc., which the other line managers may entrust to him. He is basically a manager whatever may be the nature of his operative functions. The status of Human Resource Manager in an organisation depends upon the type of organisation structure.

**Role of Human Resource Manager in an Organisation**

In most of the big enterprises, human resource department is set up under the leadership of personnel manager who has specialised knowledge and skills. The human resource manager performs managerial as well as operative functions. Since he is a manager, he performs the basic functions of management like planning, organising, directing and controlling to manage his department. He has also to perform certain operative functions of recruitment, selection, training, placement, etc., which the problems to management, the human resource managers attach highest priority to the settlement of industrial disputes than anything else.

The role of human resource management in industry is underlined by the complex and dynamic nature of environment under which the modern large-scale industries function. The impact of technology on organisation structure, politicisation of workers' unions, and the growing consciousness of industrial employees about their rights and privileges, have made the role of personnel management increasingly more important in industrial undertakings. The task has also been facilitated by the greater recognition of the value of human resources in industry and application of human resource development (HRD) techniques by the enlightened managers in modern organisations.

**Questions :**

1. Examine the concept of Human Resource Management. Also discuss its Nature (Features).
2. Compare and Contrast between Personnel Management and Human Resource Management.
3. Discuss the Objectives of Human Resource Management.
4. What are the Functions of Human Resource Management?
5. Explain the legacy of Human Resource Management.
6. Discuss the Issues Facing Human Resource Management in the changing Business Environment.
7. Discuss some of the Emerging Issues in HRM. Also explain the New Role and Directions in HRM.
8. Elaborate some of the main challenges which might be faced by the Managers in future in the management of people in Business and Industry.
9. What is the importance of Human Resource Management?
10. Examine the Functions and Role of Human Resource Manager in Industrial Organisations.

# 2

# HUMAN RESOURCE PLANNING

## OBJECTIVE OF THE UNIT

After the completion of the unit the student will be able to

1. Understand need and importance of Human Resource Planning
2. Know the objectives of HR Planning
3. Explain the steps in Human Resource Planning
4. Explain the various types of Human Resource Planning
5. Understand Corporate Planning and the Human Resource Planning Process
6. Explain Human Resource Information System
7. Understand current interest in HR Planning

## INTRODUCTION

Human Resource Planning is concerned with the planning the future manpower requirements is the organisation. HR manager ensures that the company has the right type of people in the right number at the right time and place, who are trained and motivated to do the right kind of work at the right time. Obviously, human

resource planning primarily makes appropriate projections for future manpower needs of the organisation envisages plan for developing the manpower to suit the changing needs of the organisation from time to time, and foresees how to monitor and evaluate the future performance. It also includes the replacement plans and managerial succession plans.

Human Resource planning is the process by which a management determines how an organisation should move from its current manpower position to its desired manpower position. Through planning a management strives to have the right number and the right kinds of people at the right places, at the right time, to do things which result in both the organisation and the individual receiving the maximum long-range benefit.

**Definitions of Human Resource Planning :**

**1.** **Coleman** has defined Human Resource Planning as “the process of determining manpower requirements and the means for meeting those requirements in order to carry out the integrated plan of the organisation.

**2.** According to **Wikstrom,** Human Resource Planning consists of a series of activities, viz.,

**(a) Forecasting** future manpower requirements, either in terms of mathematical projections of trends in the economic environment and developments in industry, or in terms of judgemental estimates based upon the specific future plans of a company;

**(b) Making an inventory of** present manpower resources and assessing the extent to which these resources are employed optimally;

**(c) Anticipating** manpower problems by projecting present resources into the future and comparing them with the forecast of requirements to determine their adequacy, both quantitatively and qualitatively; and

**(d) Planning** the necessary programmes of requirements, selection, training, development, utilisation, transfer, promotion, motivation and compensation to ensure that future manpower requirements are properly met.

**Coleman** has defined Human Resource Planning as “the process of determining manpower requirements and the means for meeting those requirements in order to carry out the integrated plan of the organisation.

Human resource planning is a double-edged weapon. If used properly, it leads to the maximum utilisation of human resources, reduces excessive labour turnover and high absenteeism; improves productivity and aids in achieving the objectives of an organisation. Faultily used, it leads to disruption in the flow of work, lower production, less job satisfaction, high cost of production and constant headaches for the management personnel. Therefore, for the success of an enterprise, human resource planning is a very important function, which can be neglected only at its own peril.

## NEED AND IMPORTANCE OF HUMAN RESOURCE PLANNING

Human Resource planning is the process by which a management determines how an organisation should move from its current manpower position to its desired manpower position. Through planning a management strives to have the right number and the right kinds of people at the right places, at the right time, to do things which result in both the organisation and the individual receiving the maximum long-range benefit.

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**Coleman** has defined Human Resource Planning as “the process of determining manpower requirements and the means for meeting those requirements in order to carry out the integrated plan of the organisation.

**Objectives of HR Planning**

The major objectives of Human Resource Planning in an organisation are to :

(i) ensure optimum use of human resources currently employed;
(ii) avoid balances in the distribution and allocation of human resources;
(iii) assess or forecast future skill requirements of the organisation’s overall objectives;
(iv) provide control measure to ensure availability of necessary resources when required;
(v) control the cost aspect of human resources;
(vi) formulate transfer and promotion policies.

## STEPS IN HUMAN RESOURCE PLANNING

Human resource planning refers to a process by which companies ensure that they have the right number and kinds of people at the right place, at the right time; capable of performing different jobs efficiently. Planning the use of human resources is an important function in every organisation. A rational estimate to various categories of personnel in the organisation is an important aspect of human resource planning. HRP involves the following steps :

**1. Analysis of Organisational Plans and Objectives :** Human resource planning is a part of overall plan of organisation. Plans concerning technology, production, marketing, finance, expansion and diversification give an idea about the volume of future work activity. Each plan can further be analysed into sub-plans and detailed programmes. It is also necessary to decide the time horizon for which human resource plans are to be prepared. The future organisation structure and job design should be made clear and changes in the organisation structure should be examined so as to anticipate its manpower requirements.

**2. Forecasting Demand for Human Resources :** Human resource planning starts with the estimation of the number and type of personnel required at different levels and in different departments. The main steps involved in HRP process are (a) to determine and to identify present and prospective needs of human resource, (b) to discover and recruit the required number of persons. (c) to select the right number and type from the available people. (d) to hire and place in the positions for which they are qualified, (e) to provide information to the selected people about the nature of work assigned to them, (f) to Promote or to transfer as per the needs and the performance of employees, (g) to denote if the employees are disinterested or their performance is not upto the mark, (h) to terminate if they are not needed or their performance is below standard and shows no hopes of improvement. It is the most crucial and critical area of HRD. These HRD manager must pay attention to place right man to the right job through recruitment selection Training and Placement of employees. This calls for the adoption of a systematic procedure to complete recruitment and selection.

**3. Forecasting Supply of Human Resources :** One of the important areas of human resources planning is to deal with allocation of persons to different departments depending upon the work-load and requirements of the departments. While allocating manpower to different departments, care has to be taken to consider appointments based on promotions and transfers. Allocation of human resource should be so planned that available

manpower is put to full use to ensure smooth functioning of all departments.

**4. Estimating Manpower Gaps :** Net human resource requirements or manpower gaps can be identified by comparing demand and supply forecasts. Such comparison will reveal either deficit or surplus of human resources in future. Deficits suggest the number of persons to be recruited from outside whereas surplus implies redundant to be redeployed or terminated. Similarly, gaps may occur in terms of knowledge, skills and aptitudes. Employees deficient in qualifications can be trained whereas employees with higher skills may be given more enriched jobs.

**5. Matching Demand and Supply :** It is one of the objectives of human resource planning to assess the demand for and supply of human resources and match both to know shortages and surpluses on both the side in kind and in number. This will enable the human resource department to know overstaffing or understaffing. Once the manpower gaps are identified, plans are prepared to bridge these gaps. Plans to meet the surplus manpower may be redeployment in other departments and retrenchment in consultation, with the trade unions. People may be persuaded to quit through voluntarily retirement. Deficit can be met through recruitment, selection, transfer, promotion, and training plans. Realistic plans for the procurement and development of manpower should be made after considering the macro and micro environment which affect the manpower objectives of the organisation.

## TYPES OF HUMAN RESOURCE PLANNING

In most developing countries the development of human resources has been regarded as one amongst many objectives of long-term economic growth. As a result even the objectives of economic planning and the priorities thereof began to be shifted away from purely growth-oriented development strategies to those that recognise and partly remedy the past neglect of such social sectors like population planning, health, education, housing, social security and other social services. The following have been the prime concerns of governments in developing countries.

(i) How to cope with the phenomenal explosion in population ?
(ii) How to provide productive employment to the already unemployed and to those who are entering the labour market ?
(iii) What supplementary programmes to initiate for specific target groups (rural/urban poor, socially disadvantaged groups like the scheduled castes/tribes, backward classes, minorities,

women, children, physically handicapped, etc.) for employment creation, income generation and poverty alleviation ?

(iv) What pro-active measures to take up to meet the skill shortages so that there is no problem in realising plan targets due to shortage in critical skills at various levels and in various trades/disciplines ?

(v) How to upgrade technical, administrative and managerial skills in different sectors of the economy to sustain and improve productivity and further the pace of economic development ?

(vi) How to cope with the growing imbalances in the supply and demand side of human resources in an uncertain and turbulent environment within and outside the country in an increasingly interdependent world ?

The broad framework for Human Resource Planning at macrolevel would encompass all these and other concerns, dealing with both the supply and the demand side of the problems. It should cover not only quantitative aspects, but also qualitative factors. The objectives of Human Resource Planning in India, as in most other developing countries at the macrolevel, should thus encompass all aspects of human resource development, from population planning on the one hand to investments in health, education, housing and other social welfare services on the other.

The major components of human resource planning based on environmental analysis and adjustment are :

(a) Population Planning Employment Planning
(b) Educational Planning
(c) Other aspects of Social and Human Development

The Government of India has spelt out the human resources/manpower planning objectives at the macro level in successive five-year economic plans. The prime concern, throughout, has been to find a solution to the problem of unemployment and the poverty that goes with it. The key issues involved relate to questions on the rate and pattern of growth. A data base is created to facilitate the formulation of sound policies and programmes. The decennial census conducted by the office of Registrar General constitutes the most comprehensive source of population statistics while the quinquennial labour force survey conducted by the National Sample Survey Organisation (NSSO) serves as the most important source of labour force statistics. The Annual Survey of Industries (ASI) also furnishes vital data on employment trends in industry. The gravity of the unemployment situation led the government to initiate, form time to time a variety of special employment schemes such as the National Rural Employment Programme (NREP), Minimum Needs Programme, National Scheme of Training Rural Youth for Self-Employment

(TRYSEM), Integrated Rural Development Programme (IRDP) and the Self-Employment Scheme for Education Unemployed Youth (SEEUY).

As part of the decentralised strategy for human resources planning and employment generation, state planning boards and district-level manpower planning generation councils have been set up. These councils are assisted by the District Employment Exchange, District Industries Centre, District Agriculture Office, Lead Bank, University Employment and Guidance Bureau, Special Employment Exchanges for major public sector projects as also those for handicapped, professionals, etc. in preparing a portfolio of opportunities for salaried, self and wage employment. The employment exchanges have three broad functions (i) registration and placement of job seekers; (ii) rendering vocational training and career advice services; and (iii) collection and dissemination of manpower data.

Along with measures for generating employment in the successive plans, attention was paid to provide a substantial infrastructure for education and technical training. Skill formation has also been provided for in various beneficiary-oriented programmes. Apprenticeship Act was enacted to induce the corporate sector to take part in the process of skill formation. The major concerns are still on how to substantially bring about improvements in education, training, values, knowledge, skills and attitudes relevant to the needs of the society and its development tasks. Special measures are also required to deal with the paradox of unemployment and skill shortages in certain disciplines/sectors, persistent problem of migration and the regulation of overseas employment to minimise their exploitation and also to deal with the negative effects of possible brain drain. A variety of legislative and administrative measures have taken place at national, state and district levels.

Thus it is seen that the broad framework, contents and processes involved in Human Resource Planning at macrolevel are indeed complex. The complexity is further compounded by the rapid changes in environment in the many senses of the term. The approach to Human Resource Planning at macrolevel has therefore to be a dynamic process. It is indeed difficult to make any objective evaluation of the success of efforts in this context. While India can boast of having the third largest pool of scientific and technical personnel, the technological lag in its economy is striking. The country still has critical shortages in certain skills even as a large number of those trained/educated in even related disciplines remain unemployed. There is the irony of doctors without patients and patients without doctors ! These are some of the issues that

become critical in matching the supply and demand of human resources.

The objectives of Human Resource Planning at the microlevel are to ensure that the organisation :

(i) obtains and retains the quantity and quality of human resources it needs at the right time and place; and
(ii) makes optimum utilisation of these resources.

**Corporate Planning and Human Resource Planning Process**

Human Resource Planning constitutes an integral part of corporate plan and serves the organisational purposes in more ways than one. For example, it helps organisations to (i) capitalise on the strengths of their manpower; (ii) determine recruitment levels; (iii) anticipate redundancies; (iv) determine optimum training levels; (v) serve as a basis for management development programmes; (vi) cost manpower for new projects; (vii) assist productivity bargaining; (viii) assess future requirements; (ix) study the cost of overheads and value of service functions; and (x) decide whether certain activities need to be subcontracted.

The Human Resource plan is a part of the corporate plan. Without it there can be no Human Resource Plan for human resources. If there are several imponderables and unpredictables in the corporate plan, there will be difficulties in Human Resource Planning. Whether or not the Human Resource Planning meets the requirements and is in tune with reality depends on clarity of goals and the validity of the stated assumptions. The other important point is the time frame in defining the future. In Human Resource Planning the future can be classified into three periods :

(i) the short-range or immediate future;
(ii) the mid-range; and
(iii) the long-range future, none of which can be spelt out in terms of a set number of days, months or years. The immediate future may refer to current situation and experiences and may even concern issues such as overtime and replacements. If there has been previous planning for human resource such plans can serve as a guide in the immediate future. If not, a beginning should be made at once.

The mid-range future has a different time span in various companies. It can be as short as a few months or as long as several years. Most would agree upon 2-3 years' period as a mid-range.

The long-range plan could be five years, while 10 to 15 years span could be used for a perspective plan. Long-range plans must be made on the basis of various trends in the economy and in the labour market, and on long-term trends of production in the company. Long-range plans are general rather thana specific, flexible rather than rigid.

Nevertheless, a plan can be extremely useful in identifying factors and trends that need to be reckoned with for early warning on possible problems. The long lead time provides the opportunity and resilience to meet exigencies and make necessary adjustments. More complete plans can be had as time slowly brings the long-range into short-range.

The first step in the Human Resource Planning process is the establishment of a planning horizon. One should know the period for which the plan will apply. Then, the specific corporate objectives and strategies should be clear. Based on these, estimates or projections for demand and supply of human resources can be made. The difference between the estimates of demand for and supply of Human Resource is often referred to as the Human Resource gap, and one of the main components of the Human Resource strategy is to formulate plans for closing such gaps-perhaps by recruitment and training (if the demand is positive, i.e. demand exceeds supply) or by planned redundancy (if the gap is negative).

## HUMAN RESOURCE INFORMATION SYSTEM

HRIS is an important element in human resource development. It is a system of maintain, collect, and analyse data relating to human resources of the organisation. It helps managers in decision-making in respect of promotion, wage fixing, recruitment, training and development. In this way HRIS acts as a decision support system. The inputs of HRIS include the information relating to employees, their abilities, qualifications, potentialities, creative instincts, age, pay scales, various jobs in the organisation, their required skills and qualifications to do them, the number of employees and executives manning various positions, organisational objectives, policies and procedures etc.

**Current Interest in HR Planning**

Major reasons for the present emphasis on manpower planning include the following :

**1. Employment-Unemployment Situation :** Though in general the number of educated unemployed is on the rise, there is

an acute shortage of a variety of skills. This emphasises the need for more effective recruitment and retaining people.

**2. Technological Change :** The changes in production technologies, marketing methods and management techniques have been extensive and rapid. Their effect has been profound on job contents and contexts. These changes can cause problems relating to redundancies, retraining and redeployment. All these contribute to the need to plan human resource needs intensively and systematically.

**3. Organisational Change :** In a turbulent environment marked by cyclical fluctuations and discontinuities, the nature and pace of changes in organisational environment, activities and structures affect human resource requirements and require strategic consideration.

**4. Demographic Changes :** The changing profile of the work force in terms of age, sex, literacy, technical inputs and social background have implications for human resource planning.

**5. Skill Shortages :** Government control and changes in legislation with regard to affirmative action for the disadvantaged groups, working conditions and hours of work, restrictions on women and child employment, casual and contract labour, etc. have stimulated the organisations to become involved in systematic human resource planning.

**6. Legislative Controls :** The days of executive fiat and hire and fire policies have passed. Now legislation makes it difficult to reduce the size of an organisation quickly and cheaply. It is easy to increase but difficult to reduce the numbers employed because of recent changes in labour law relating to lay-offs and closures. Those responsible for managing human resources must look far ahead and attempt to foresee human resource position.

**7. Impact of Pressure Groups :** Pressure groups such as unions, politicians and persons displaced from land by location of giant enterprises have been raising contradictory pressures on enterprise management in areas such as internal recruitment and promotions, preference to employees' children, displaced persons, sons of soil, etc.

**8. Systems Concept :** The spread of systems thinking and the advent of microcomputer as part of the on-going revolution in information technology emphasises planning and adopting newer ways of handling voluminous personnel records.

**9. Lead Time :** A longer lead time is necessary for the selection process and for training and development of the employees, to handle new knowledge and skills successfully.

**Questions :**

1. Explain in detail the concept of Human Resource Planning. Discuss the need and importance of Human Resource Planning.
2. Examine the Objectives of HR Planning.
3. What are the main types of Human Resource Planning ? "Long Range Human Resource Planning is merely a wiseful thinking". Do you agree with this statement ? Explain.
4. Examine the reasons for the Current Interest in HR Planning.
5. What is Human Resource Planning? Explain the steps in human resource planning.

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# 3

# JOB ANALYSIS

## OBJECTIVE OF THE UNIT

After the completion of the unit the student will be able to

1. Understand the concept of Job Analysis
2. Know the process of Job Analysis
3. Understand purposes and Uses of Job Analysis
4. Know the sources of Information for Job Analysis
5. Understand the concept of Job Description
6. Understand the Concept of Job Specification
7. Know the concept of Job Design

## INTRODUCTION

Job Analysis is a procedure by which pertinent information is obtained about a job, i.e., it is a detailed and systematic study of information relating to the operation and responsibilities of a specific job. An authority has defined job analysis as "the process of determining, by observation and study, and reporting pertinent information relating to the nature of a specific job... "It is the determination of the tasks which comprise the job and of the skills, knowledge, abilities and responsibilities required of the worker for a successful performance and which differentiate one job from all others".

**Information provided by Job Analysis**
Job analysis provides the following information :

**1. Job Identification :** Its title, including its code number;

**2. Significant Characteristics of a Job :** It location, physical setting, supervision, union jurisdiction, hazards and discomforts;

**3. What the Typical Worker Does :** Specific operation and tasks that make up an assignment, their relative timing and importance, their simplicity, routine or complexity, the responsibility or safety of others for property, funds, confidence and trust;

**4. Which Materials and Equipment a Worker Uses :** Metals, plastics, grains, yarns, milling machines, punch presses and micrometers;

**5. How a Job is Performed :** Nature of operation - lifting, handling, cleaning, washing, feeding, removing, drilling, driving, setting-up and many others;

**6. Required Personal Attributes :** Experience, training, apprenticeship, physical strength, co-ordination or dexterity, physical demands, mental capabilities, aptitudes, social skills;

**7. Job Relationship :** Experience required, opportunities for advancement, patterns of promotions, essential co-operation, direction, or leadership from and for a job.

## SOURCES OF INFORMATION FOR JOB ANALYSIS

According to George R. Terry, “the make-up of a job, its relation to other jobs, and its requirements for competent performance are essential information needed for a job analysis”. Information on a job may be obtained from three principal sources :

(a) From the employees who actually perform a job;

(b) From other employees such as supervisors and foremen who watch the workers doing a job and thereby acquire knowledge about it; and

(c) From outside observers specially appointed to watch employees performing a job. Such outside persons are called the trade job analysts. Sometimes, special job reviewing committees are also established.

**Methods of Job Analysis**

Four methods or approaches are utilised in analysing jobs. These are :

**1. Personal Observation :** The materials and equipment used, the working conditions and probable hazards, and an understanding of what the work involves are the facts which should be known by an analyst.

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

**3. Maintenance of Long Records :** The employee maintains a daily record of duties he performs, marking the time at which each task is started and finished. But this system is incomplete, for it does not give us any desirable data on supervisor relationship, the equipment used, and working conditions. Moreover, it is time-consuming.

**4. Personal Interviews** may be held by the analyst with the employees, and answers to relevant questions may be recorded. But the method is time-consuming and costly.

**Purposes and Uses of Job Analysis**

A comprehensive job analysis programme is an essential ingredient of sound personnel management. It is fundamental to manpower management programmes because the results of job analysis are widely used throughout the programmes. The information provided by job analysis is useful, if not essential, in almost every phase of employee relations.

**1. Organisation and Manpower Planning :** It is helpful in organisational planning for it defines labour needs in concrete terms and coordinates the activities of the work force, and clearly divides duties and responsibilities.

**2. Recruitment and Selection :** By indicating the specific requirements of each job (i.e., the skills and knowledge), it provides a realistic basis for hiring, training, placement, transfer and promotion of personnel.

**3. Wage and Salary Administration :** By indicating the qualifications required for doing specified jobs and the risks and hazards involved in its performance, it helps in salary and wage administration. Job analysis is used as a foundation for job evaluation.

**4. Job Re-engineering :** Job analysis provides information which enables us to change jobs in order to permit their being manned by personnel with specific characteristics and qualifications. This takes two forms :

**(a) Industrial Engineering Activity,** which is concerned with operational analysis, motion study, work simplification methods and improvements in the place of work and its measurement, and aims at improving efficiency, reducing unit labour costs, and establishing the production standard which the employee is expected to meet; and

**(b) Human Engineering Activity,** which takes into consideration human capabilities, both physical and psychological, and prepares the ground for complex operations of industrial administration, increased efficiency and better productivity.

**5. Employee Training and Management Development :** Job analysis provides the necessary information to the management of training and development programmes. It helps it to determine the content and subject-matter of in-training courses. It also helps in checking application information, interviewing, weighing test results, and in checking references.

**6. Performance Appraisal :** It helps in establishing clear-cut standards which may be compared with the actual contribution of each individual.

**7. Health and Safety :** It provides an opportunity for indentifying hazardous conditions and unhealthy environmental factors so that corrective measures may be taken to minimise and avoid the possibility of accidents.

## JOB DESCRIPTION

Job description is a written record of the duties, responsibilities and requirements of a particular job. It is concerned with the job itself and not with the work. It is a statement describing the job in such terms as its title, location, duties, working conditions and hazards. In other words, it tells us what is to be done and how it is to be done and why. It is a standard of function, in that it defines the appropriate and authorised contents of a job.

Job description helps top executives, especially when they jointly discuss one another’s responsibilities. Overlapping or confusion can then be pointed out questions can be raised about the major thrust of each position, and problems of structure can be

identified. A job description becomes a vehicle for organisational change and' improvement.

A job description contains the following:

**1. Job identification**, which includes the job title, alternative title, department, division, plant and code number of the job. The job title identifies and designates the job properly. The department division, etc. indicate the name of the department where it is situated-whether it is the maintenance department, mechanical shop etc. The location gives the name of the place.

**2. Job Summary** serves two important purposes. First it provides a short definition which is useful as an additional identification information when a job title is not adequate. Second, it serves as a summary to orient the reader toward an understanding 'of detailed information which follows. It gives the reader a "quick capsule explanation" of the content of a job usually in one or two sentences.

**3. Job duties** give us a comprehensive listing or the duties together with some indication of the frequency of occurrence or percentage of time devoted to each major duty. It is regarded as the heart of a job.

**4. Relation to other jobs :** This helps us to locate the job in the organisation by indicating the job immediately below or above it in the job hierarchy. It also gives us an idea of the vertical relationships of work flow and procedures.

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

**6. Working conditions** usually give us information about the environment in which a job holder must work. These include cold, heat, dust, wetness, moisture, fumes, odour, oily conditions, etc. obtaining inside the organisation.

Information about jobs can be had from :
(i) Observation of employees while on work;
(ii) Study of specially maintained diaries;
(iii) A review of Critical incidents; and,
(iv) Discussions with departmental heads and outside experts or consultants.

A job description enables us to frame suitable questions to be asked during an interview. It is particularly helpful when the application from is, used as a tool for eliminating the unfit personnel. A job description helps us in :

(i) Job grading and classification;
(ii) Transfers and promotions;
(iii) Adjustments of grievances;
(iv) Defining and outlining promotional steps;
(v) Establishing a common understanding of a job between employers and employees;
(vi) Investigating accidents;
(vii) Indicating faulty work procedures or duplication of papers;
(viii) Maintaining, operating and adjusting machinery;
(ix) Time and motion studies;
(x) Defining the limits of authority;
(xi) Indicating case of personal merit;
(xii) Facilitating job placement;
(xiii) Studies of health and fatigue;
(xiv) Scientific guidance;
(xv) Determining jobs suitable for occupational therapy;
(xvi) Providing hiring specifications; and
(xvii) Providing performance indicators.

## JOB SPECIFICATION

Job Specification is a standard of personnel and designates the qualities required for an acceptable performance. It is a written record of the requirements sought in an individual worker for a given job. In other words, it refers to a summary of the personal characteristics required for a job. It is a statement of the minimum acceptable human qualities necessary for the proper performance of a job.

Job specifications translate the job description into terms of the human qualifications which are required for a successful performance of a job. They are intended to serve as a guide in hiring and job evaluation. As a guide in hiring, they deal with such characteristics as are available in an application bank, with testing, interviews, and checking of references.

**Job specifications relate to:**

(a) Physical characteristics, which include health, strength, endurance, age-range, body size height, weight, vision, voice, poise, eye, hand and foot co-ordination, motor co-ordination, and colour discrimination.

(b) Poychological characteristics or special aptitudes which include such qualities as manual dexterity, mechanical aptitude, ingenuity, judgment, resourcefulness, analytical ability, mental concentration and alertness.

(c) Personal characteristics traits of temperament such as personal appearance, good and pleasing manners, emotional stability, aggressiveness or submissiveness, extroversion; or,

introversion, leadership, co-operativeness, initiative and drive, skill in dealing with others, 'unusual sensory qualities of sight, smell, hearing, adaptability, conversational ability, etc.

(d) Responsibilities which include supervision of others, responsibility for production, process and equipment; responsibility for the safety of others; responsibility for generating confidence and trust; responsibility for preventing monetary loss.

(e) Other features of a demographic nature, which are age, sex, education experience and language ability.

## JOB DESIGN

Job analysis helps in developing appropriate design of job to improve efficiency and satisfaction. 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 jobholder and his superiors, subordinates and colleagues. It is a deliberate and systematic attempt to structure the technical and social aspects of work so as to improve technical efficiency and job satisfaction. Job design is an attempt to create a match between job requirements and human attributes. It involves both organising the components of the job and the interaction patterns among the members of a work group.

The main objective of job design is to integrate the needs of the individual and the requirements of the organisation. Needs of employees include job satisfaction in terms of interest, challenge and achievement. Organisational requirements refer to high productivity, technical efficiency and quality of work. Today, educated and creative employees demand well-designed jobs. Therefore, increasing attempts are being made to redesign jobs so as to improve the quality of working life. A systematic body of knowledge on the designing of jobs has been developed after the Industrial Revolution and the large scale enterprises.

**Approaches to Job Design :** The main approaches to job design are described below :

**1. Classical Approach :** Also known as Engineering approach, it was developed by F.W. Taylor and his associates. The principles of scientific management formed the basis for designing jobs in most Organisations. These principles focus on planning, standardising and improving human effort at the operative level in order to maximise productivity. In the words of Taylor, "the work of every workman is fully planned out by the management at least one

day in advance and each man receives in most cases complete written instructions, describing in detail the task which he is to accomplish. This task specifies not only what is to be done but how it is to be done and the exact time allowed for doing it.

Jobs designed on the basis of classical approach are not appropriate in the modern environment characterised by increased awareness, improved education and rising expectations of workforce.

**2. Behavioural Approach :** The findings of Elton Mayo, Frederick Herzberg and other human relations experts led to search for alternative ways of designing jobs so as to avoid the dysfunctional consequences of standardisation and simplification. Job redesign, work structuring, job enrichment, participative system and other similar strategies were developed to improve the quality of work life. The aim of all these attempts is to design jobs which will not only ensure technical efficiency but will satisfy social and psychological needs of workers.

The most popular behavioural approach to job redesign is the Job characteristics model of Hackman and Oldham. This model is based on the assumption that three key psychological stats of a jobholder determine his motivation, satisfaction and performance on the job.

Behavioural approach to job design is a socio-technical approach as it deals with both the technical and social aspects of a job. It is, therefore, an improvement over the classical approach which considered only the technical side of jobs. Tavistock Institute of Human Relations, London has carried out several experiments in the application of the socio-technical approach to job design.

The job characteristics model, however, suffers from some limitations. It is probabilistic and has an intuitive appeal. But there is little empirical evidence to support it. In one study of bank employees in India growth need has not been found coaching, counselling etc., are examples of corrective actions that help to improve performance.

**Limitations of Performance Appraisal :** The main problems involved in performance appraisal are as follows :

**1. Errors in Rating :** Performance appraisal may not be valid indicator of performance and potential of employees due to the following types of errors :

**(a) Halo Effect :** It is the tendency to rate an employee consistently high or low on the basis of overall impression. One trait of the employee influences the rater' appraisal on all other traits. For example, an employee may be rated high on performance just because he sits on the job late in the evening. Similarly, a person

who does not shave regularly may be considered lazy at work and may be underrated. This error may be minimised by rating all the employees on one trait before taking up anther trait.

**(b) Stereotyping :** This implies forming a mental picture of a person on the basis of his age, sex, caste or religion. It results in an over-simplified view and blurs the assessment of job performance.

**(c) Central Tendency :** It means assigning average ratings to all the employees in order to avoid commitment or involvement. This is adopted because the rater has not to justify or clarify the average ratings. As a result, the ratings are clustered around the midpoint.

**(d) Constant Error :** Some evaluators tend to be lenient while others are strict in assessing performance. In the first case, performance is overrated (leniency error) while in the second type it is underrated (strictness error). This tendency may be avoided by holding meetings so that the raters understand what is required of them.

**(e) Personal Bias :** Performance appraisal may become invalid because the rater dislikes an employee. Such bias or prejudice may arise on the basis of regional or religious beliefs and habits or interpersonal conflicts. Bias may also be the result of time. Recent experience or first impression of the rater may affect the evaluation.

**(f) Spill Over Effect :** This arises when past performance affects assessment of present performance. For instance, recent behaviour or performance of an employee may be used to judge him. This is called regency.

**2. Lack of Reliability :** Reliability implies stability and consistency in the measurement. Lack of consistency over time and among different raters may reduce the reliability of performance appraisal. inconsistent use of measuring standards and lack of training in appraisal techniques may also reduce reliability. Different qualities may not be given proper weight age. Factors like initiative are highly subjective and cannot be quantified.

**3. Incompetence :** Raters may fail to evaluate performance accurately due to lack of knowledge and experience. Post appraisal interview is often handled ineffectively.

**4. Negative Approach :** Performance appraisal loses most of its value when the focus of management is on punishment rather than on development of employees.

**5. Multiple Objectives :** Raters may get confused due to two many objectives or unclear objective of performance appraisal.

**6. Resistance :** Trade unions may resist performance appraisal on the ground that it involves discrimination among its members. Negative ratings may affect interpersonal relations and industrial relations particularly when employees/unions do not have faith in the system of performance appraisal.

**7. Lack of Knowledge :** The staff appraising performance of employees might not be trained and experienced enough to make correct appraisal.

**Questions :**

1. Explain the meaning and importance of Job Descriptions.
2. What is Job Analysis ? What information is provided by it ? Explain the Process, Purposes and Uses of Job Analysis.
3. What are the contents of Job Description?

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# 4

# RECRUITMENT AND SELECTION

## OBJECTIVE OF THE UNIT

After the completion of the unit the student will be able to

1. Understand the concepts of Recruitment and Selection
2. Know the various internal and external Sources of Recruitment
3. Know Merits and Demerits of External Sources
4. Understand Evaluation of alternative sources
5. Know the purpose of Selection
6. Understand Criteria of Selection

## INTRODUCTION

Recruitment means search of the prospective employee to suit the job requirements as represented by job specification–a technique of job analysis. It is the first stage in selection which makes the vacancies known to a large number of people and the opportunities that the organisation offers. In response to this knowledge, potential applicants would write to the organisation. The process of attracting people to apply in called recruitment.

**Dale S. Beach** has defined “Recruitment as the development and maintenance of adequate manpower resources. It involves the

creation of a pool of available labour upon whom the organisation can depend when it needs additional employees."

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

**Sources of Recruitment :**

The various sources of recruitment are generally classified as internal source and external source.

**(a) Internal Sources :** This refers to the recruitment from within the company. The various internal sources are promotion, transfer, past employees and internal advertisements.

**(b) External Sources :** External sources refers to the practice of getting suitable persons from outside. The various external sources are advertisement, employment exchange, past employees, private placement agencies and consultants, walks-ins, campus recruitment, trade unions, etc.

The following external sources of recruitment are commonly used by the big enterprises:

**1. Direct Recruitment:** An important source of recruitment is direct recruitment by placing a notice on the notice board of the enterprise specifying the details of the jobs available. It is also known as recruitment at factory gate.

The practice of· direct recruitment is generally followed for filling casual vacancies requiring unskilled workers. Such workers are known as casual or badli workers and they are paid remuneration on daily-wage basis. This method of recruitment is very cheap as it does not involve any cost of advertising vacancies.

**2. Casual Callers or Unsolicited Applications:** The organisations which are regarded as good employers draw a steady stream of unsolicited applications in their offices. This serves as a valuable source of manpower. If adequate attention is paid to maintain pending application folders for various jobs, the personnel department may find the unsolicited applications useful in filling the vacancies whenever they arise. The merit of this source of recruitment is that it avoids the costs of recruiting workforce from other sources.

**3. Media Advertisement:** Advertisement in newspapers or trade and professional journals is generally used when qualified and experienced personnel are not available from other sources. Most of the senior positions in industry as well as commerce are

filled by this method. The advantage of advertising is that more information about the organization job descriptions and job specifications can be given in advertisement to allow self-screening by the prospective candidates. Advertisement gives the management a wider range of candidates from which to choose. Its disadvantage is that is may bring in a flood of response, and many times, from quite unsuitable candidates.

**4. Employment Agencies:** Employment exchanges run by the Government are regarded as a good source of recruitment for unskilled, semi-skilled and skilled operative jobs. In some cases, compulsory notification of vacancies to the employment exchange is required by law. Thus, the employment exchanges bring the jobs givers in contact with the job seekers.

However, in the technical and professional area, private agencies and professional bodies appear to be doing most of the work. Employment exchanges and selected private agencies provide a nation-wide service in attempting to match personnel demand and supply.

**5. Management Consultants:** Management consultancy firms help the organisations to recruit technical, professional and managerial personnel They specialise middle level and top level executive placements. They maintain data bank of persons with different qualifications and skills and even advertise the jobs on behalf their clients to recruit right type of personnel.

**6. Educational Institutions or Campus Recruitment:** Jobs in commerce and industry have become increasing technical and complex to the point where school and college degrees are widely required. Consequently big organisations maintain a close liaison with the universities, vocational institutes and management institutes for recruitment to various jobs.

Recruitment from educational institutional is a well - established practice of thousand of business and other organisations.1t is also known as campus recruitment. Reputed industrial houses which require management trainees send their officials to campuses of various management institutes for picking up talented candidates doing MBA.

**7. Recommendation:** Applicants introduced by friends and relatives may prove to be a good source of recruitment. In fact, many employers prefer to take such persons because something about their background is known. When a present-employee or a business friend recommends some one for a job, a type of preliminary screening is done and the person is placed on a job.

**8. Labour Contractors:** Labour contractors are an important source of recruitment in some industries in India. Workers are recruited through labour contractors who are themselves employees of the organisation. The disadvantage of this system is that if the contractor leaves the organisation , all the workers ,employed through him will also leave That is why this source of labour is not preferred by many businesses, organizations. Recruitment through labour contractors has been banned for the public sector units.

**9. Telecasting:** The practice of telecasting of vacant posts over T.V. is gaining importance these days. Special programmes like 'Job Watch', 'Youth Pulse', Employment News', etc, over the T.V have become quite popular in recruitment for various types of jobs. The detailed requirements of the job and the qualities required to do it are publicized along with the profile of the organisation where vacancy exists. The use of T.V. as a source of recruitment is less as compared to other sources.

**10. Raiding :** Raiding is a technical term used when employees working elsewhere are attracted to join organisations. The organisations are always on the lookout for qualified professionals, and are willing to offer them a better deal if they make the switch. There are always some employees who are professionally very competent, but dissatisfied with something or the other in the organisation. They form the 'easy' group to attract. The other group is formed of those who are equally competent but are quite satisfied with their present position. To attract them, the organisation has to offer a very lucrative package of perquisites. Whatever may be the means used to attract, often it is seen as an unethical practice and not openly talked about.

## MERITS OF EXTERNAL SOURCES

The merits of external sources of recruitment are as under:

**1. Qualified Personnel:** By using external sources of recruitment the management can make qualified and trained people to apply for vacant Jobs in the organisation.

**2. Wider choice :** When vacancies are advertised widely a large number of applicants from outside the organisation apply. The management has a wider choice while selecting the people for employment.

**3. Fresh Talent:** The insiders may have limited talents. External sources facilitate infusion of fresh blood with new ideas into the enterprise. This will improve the overall working of the enterprise.

**4. Competitive Spirit:** If a company can tap external sources, the existing staff will have to compete with the outsiders. They will work harder to show better performance.

**Demerits of External Sources**

The demerits of filling vacancies from external sources are as follows:

**1. Dissatisfaction among Existing Staff:** External recruitment may lead to dissatisfaction and frustration among existing employees. They may feel that their chances of promotion are reduced.

**2. Lengthy Process:** Recruitment from outside takes a long time. The business has to notify the vacancies and wait for applications to initiate the selection process.

**3. Costly Process:** It is very costly to recruit staff from external sources. A lot of money has to be spent on advertisement and processing of applications.

**4. Uncertain Response:** The candidates from outside may not be suitable for the enterprise. There is no guarantee that the enterprise will be able to attract right kinds of people from external sources.

## EVALUATION OF ALTERNATIVE SOURCES

A company cannot fill all its vacancies from one single source. It must carefully combine some of these sources, weighing their cost and flexibility, the quality of men they supply, and their effect on the present work force. Following are some of the measures which can be used to assess how good or how poor various sources have proved to be:

**1. Timelag between Requisition and Placement:** The basic statistics needed to estimate the time lag are the *time-lapse data*. To take an example, a company's past experience may show that the average number of days from application to interview is 15 from interview to offer is 5, from offer to acceptance is 7 and from acceptance to report for work is 21. Therefore, if the company begins its recruitment and selection process today, the best estimate is that it will be 48 days before the new employee is added to the pay-roll. With this information, the 'length' of the pipe-line for alternative sources of recruitment can be described and suitable recruiting sources chosen.

**2. Yield Ratios:** These ratios tell us about the number of leads/contacts needed to generate a -given number of hires in a given time. To take an example, suppose a company is

contemplating expansion and needs 10 additional engineers in the next 6 months. On the basis of its past experience the company predicts as under: We must extend offers to 2 candidates to gain one acceptance. If we need 10 engineers we will have to extend 20 offers. Further, if the interview -to-offer ratio has been 3 : 2 then 30 interviews must be conducted and since the invitees to interview ratio is 4: 3 then as many as 40 candidates must be invited. Finally, if contacts or leads required to find suitable candidates to invite are in 6 : 1 proportions then 240 contacts be made.

**3. Employee Attitude Studies:** These studies try to discover the reactions of present employees to both external and internal sources of recruitment.

**4. Correlation Studies:** These studies tell us about the extent of correlation which, exists between different sources of recruitment and factors of success on the job.

**Selection :** To select means to choose. Selection is a part of the recruitment function. It is the process of choosing people by obtaining and assessing information about the applicants (age, qualification, experience and qualities) with a view of matching these with the job requirements and picking up the most suitable candidates. The choices are made by elimination of the unsuitable at successive stages of the selection process.

**Purpose of Selection**

The purpose of selection is to pick up the most suitable persons who would match the requirements of the job and the organization. The emphasis in selection is, therefore, on the optimal match between the person and the job. Now the question arises as to which is the dependent variable? Person or job. Some organizations emphasize on selecting the Right Person for the Right Job. Here the Job is usually considered constant (through Jobs and Job context do undergo changes over time) and the person is sought to be fitted into the job. Creative and innovative organizations, instead, seek to find the Right Job for Right Person.

A secondary objective in selection could be to choose the best person available. However, there could be a real problem with such an objective if the Job is not appropriate for the person concerned. It may become difficult for organizations to retain their best people in jobs that do not offer opportunities for them to harness their potential; instead they may lead to problems of monotony, boredom and frustration among Individuals and increased and increased turnover of staff for the organization.

**Criteria of Selection**

Selection decisions are usually based on how an applicant is rated (rather, predicted) in terms of the likelihood of success on the job. The information used found in the application blanks, performance in one or more tests and the interview(s).

The criteria of selection needs to be critical to the job. The key job dimensions identified in job analysis and job description provide the basis for determining relevant criteria.

Frequently educational qualifications, technical skills and achievements are used as the basis for selection. But is there a statistical relationship between such requirements and job performance? It appears that certain job requirements can be measured more easily and accurately than certain others. The core job skills like sensory motor' skills and manipulative skills and achievement can be measured relatively more accurately than one's aptitude, interest and personality traits.

Integrity loyalty, initiative/drive/resourcefulness and intelligence/mental alertness are the key attributes influencing the selection of managerial employees. All these attributes being subjective are hard to assess accurately, yet are widely attempted. Perhaps it is so because managements and employers in India have relatively less pressure to defend the criteria.

## SELECTION PROCESS

The selection process begins with the job specification. The more dearly and precisely it is done the less would be the number of qualified applicants. Suppose the purpose is to select management trainees. If the qualification prescribed is MBA, the number of applicants may be in hundred. If the qualification is graduation in any discipline, the number of applicants may be in thousand. Of course, the reputation of the firm, the job content, compensation package, location, etc. also influence the response to any, recruitment drive. But Job specification does plays an important role m deciding the quantity and, quality of response from prospective applicants.

The selection process covers the period from the job specification and initial contact with the applicant to his final acceptance or rejection. The successive stages in the selection process are referred to as hurdles that the applicants should cross. Not all selection processes, however, include all these stages. The complexity of the selection process usually increases with the increase in the skill level and job level (responsibility and accountability) of the position for which selection is being made. The sequencing of the hurdles also may vary from job to job and organization to organization.

When a market research firm is recruiting research investigators on temporary basis for a specific assignment it may ask the candidates to appear for interview along with written application form in the next two days following the date of advertisement and make job offers immediately after the interview without any other tests or references.

**Initial Screening:** The initial screening and/or preliminary interview is done to limit the costs of selection by letting only suitable candidates go through the further stages in selection. At this stage, usually a junior executive either screens all enquiries for positions against specified norms (in terms of age, qualifications and experience) through preliminary interview where information is exchanged about the job, the applicant and the, mutual expectations of the individual and the organization. If the organization finds the candidate suitable, an application form, prescribed for the purpose, is given to these candidates to fill in and submit.

**Application Form :** The application form is usually designed to obtain information on various aspects, of the applicant's social, demographic, academic and work-related background and references. The forms may vary for different positions some organizations may not have any form specially designed instead, ask the candidates to write applications on a plain sheet.

**Tests:** A test is a sample of an aspect of an individual's behavior, performance or attitude. It also provides a systematic basis for comparing the behavior, performance or attitude of two or more persons. Tests serve as a screening device and provide supplementary inputs in selection decisions. Their value lies in the. fact that they serve additional predictors intended to make selection decision more apt and accurate.

**Intelligence Tests:** These are tests to measure one's intellect or qualities of understanding. They are also referred to as tests of mental ability. The traits of intelligence measured include: reasoning, verbal and non-verbal fluency, comprehension, numerical, memory and spatial relations ability. Binet-Simon; Standford-Binet and Weshier-Bellevue Scale are some examples of standard intelligence tests.

**Aptitude Tests:** Aptitude refers to one's natural propensity or talent or ability to acquire a particular skill. While intelligence is a general trait, aptitude refers to a more specific capacity or potential. It could relate to mechanical dexterity, clerical, linguistic, musical academic etc.

**Achievement Tests:** These are proficiency tests to measure one's skill or acquired knowledge. The paper and pencil tests may seek to test a person's knowledge about a particular subject. But there is no guarantee that a person who knows most also performs best. Work sample tests or performance test using actual task and working conditions (then simulated one's) provide standardized measures of behavior to assess the ability to perform than merely the ability to know. Work sample tests are most appropriate for testing abilities in such skills as typing, stenography and technical trades. Work sample tests bear demonstrable relationship between test content and job performance.

**PIP Tests :** PIP tests are those which seek to measure one's personality, interest and preferences. These tests are designed to understand the relationship between any one of these and certain types of jobs.

Interest tests are inventories of likes and dislikes of people towards occupations, hobbies, etc. These tests help indicate which occupation (e.g. artistic, literary, technical, scientific, etc.) are more in tune with a person's interests. Strong Vocational Interest Blank and Kuder Preference Records are examples of interest tests. These tests do not; however, help. in predicting on the job performance. Besides, they leave room for faking and the underlying assumptions in the tests could be belied.

**Projective Tests :** These tests expect the candidates to interpret problems or situations. Responses to stimuli will be based on the individual's values, beliefs and motives. Thematic Apperception Test and Rorschach Ink Blot Test are examples of projective tests. In Thematic Apperception Test a photograph is shown to, the candidate who is then asked to interpret it. The test administrator will draw inferences about the candidate's values, beliefs and motives from an analyis of such interpretation.

**Other Tests:** A vide variety of other tests also are used though less frequently and in rare instances instances. These include polygraphy (literally mean many pens), graphology (handwriting analysis), non-verbal communication tests (gestures, body movement, eye-contact, etc an lie-detector tests.

The following could be considered as thumb rules of selection tests: (a) Tests are to be used as a screening device; (b) Tests scores are not precise measures. Use tests as supplements than stand alone basis. Each test can be assigned a weightage; (c) Norms have to be developed for each test; and their validity and reliability for a given purpose is to be established before they are used; (d) Tests are better at predicting failure than success; (e)

Tests should be designed, administered assessed and interpreted only by trained and competent persons.

## INTERVIEW

Interview is an oral examination of candidates for employment. No selection process is complete without one or more interviews. Interview is the most common and core method of both obtaining information from job-seekers, and decision-making on their suitability or otherwise.

Organizations may seek to make their selection process as objective as possible. But interview which is an essential element of the process, by and large still remains subjective.

Interviews usually take place at two crucial stages in the selection process, i.e., at the beginning and in the end. Interviews can differ in terms of their focus and format. Usually several individuals interview one applicant. This is called panel interview. Such panels usually consist of representatives from-personnel and concerned operating units/line functions. In this method, usually, applicants get screened from one stage to another, at least in the intial stages. The interviews can be structured or unstructured general or in-depth. Some times where the job requires the job holder to remain claim and composed under pressure, the candidates are intentionally objected to stress and strains in the interview by asking some annoying or embarrassing questions. This type of interview called the stress interview.

Interviewing is both an art and a science. The effectiveness of the interview as a screening device can be improved by taking care of certain aspects like the following :

1. The interview should be based on a checklist of what to look for in a candidate. Such a checklist could be based on proper job analysis. Each critical attribute which the interview seeks to evaluate may be assigned a specific weightage.
2. It is desirable to prepare a specific set of guidelines for the interview.
3. The interviewers need to trained to evaluate performance in the interview objectively. Also, all interviewers need to develop common understanding about the criteria measures, their purposes and weightages.
4. The interviewers may use past behavior to predict future behaviors and obtain additional information to attempt such linkages more meaningfully.
5. There should be proper coordination between the initial and succeeding interviews.

6. The interview (even stress interview) should be conducted in a related physical setting.

## BACKGROUND INVESTIGATION

The background investigation in selection process may include verification of reference from past teachers, employers or public men; pulic men; police verification; and, medical examination.

Background verification is sought to guard oneself against possible falsification by applicant. But given the acute skill shortages and competitive pirating strategies of employers it is possible for some of them to give clean chit to those whom they wish to get rid of and be unfair to those whom they are not prepared to lose. There fore, employers in-private sector generally find that they get more accurate information when they track the actual past performance than when they merely ask for references reflecting opinion about the candidate.

Medical and physical examinations are usually resorted to by employers as part of the selection process mainly to :

(a) determine whether the applicant has the physical ability to carry on the duties arid responsibilities effectively; ascertain whether the applicant has a record of health problems, which can potentially affect his behavior and performance on the job adversely.

(b) know whether the applicant is more sensitive to certain aspects of work-place environment such as chemicals.

**Questions :**

1. What do you mean by recruitment? Explain the external sources of recruitment of Managerial Personnel.

2. Discuss the external sources of recruitment that are commonly used by the big enterprises. Also discuss the merits and demerits of external sources of recruitment.

3. Carefully describe the selection procedure in a big industrial concern or What could be the basis of identifying the criteria for selection How can its validity and reliability be established.

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# 5

# PERFORMANCE APPRAISAL

## OBJECTIVE OF THE UNIT

After the completion of the unit the student will be able to

1. Understand meaning and definition of Performance Appraisal
2. Know purpose of Performance Appraisal
3. Understand the uses of Performance Appraisal
4. Know the essentials of an Effective Performance Appraisal System
5. Understand the Performance Appraisal Process
6. Understand main methods or Techniques of Performance Appraisal

## INTRODUCTION

Performance appraisal or Performance evaluation is a method of evaluating the behaviour of employees in a work place, normally including both the quantitative and qualitative aspect of job performance. Performance here refers to the degree of accomplishment of the tasks that makeup an individual' job. It indicates how well an individual fulfilling the job demands. Performance is measured in terms of results. Thus, Performance appraisal is the process of assessing the performance or progress of an employee, or a group of employees on th given job, as well as his potential for future development. Thus, performance appraisal comprises all formal procedures used in organisations to evaluate contributions, personality, and potential of individual employees. In other words, performance appraisal includes the comparison of performance scales of different individuals holding similar areas of work responsibilities and relate to determination of worth of the scales for the achievement of organisaton objective.

**Definitions of Performance Appraisal :** Performance Appraisal has been defined as follows :

1. According to Edwin Flippo, "Performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job."

2. According to Cummings, "The overall objective of performance appraisal is to improve the efficiency of an enterprise by attempting to mobilise the best possible efforts from individuals employed in it. Such appraisals achieve four objectives including the salary reviews the development and training of individuals, planning job rotation and assistance promotions."

3. According to Wendell French, Performance appraisal and review in the formal, systematic assessment of how well employees

are performing their jobs in relations to establish standards and the communication of that assessment to employees.

4. According to Dale Yoder, “Performance appraisal includes all formal procedures used to evaluate personalities and contributions and potentials of group members in a working organisation. It is a continuous process to secure information necessary for making correct and objective decisions on employees.”

Performance appraisal is a systematic evaluation of the employees performance at work. Performance appraisal is a process of evaluating an employees performance on a job in terms of its requirement. It is a process of estimating or judging the value, excellence, qualities of status of some object, person or thing.

Performance appraisal is a formal programme in an organisation which is concerned with not only the contributions of the members who form part of the organisation, but aims at spotting the potential also. The satisfactory performance is only a part of the system as a whole and the management needs more information than mere performance ratings of the subordinates.

Performance appraisal is the systematic evaluation of the individual with respect to his performance on the job and his potential for development. Performance appraised is collcerned with determining the differences among the employees working in the organisation. Generally, the evaluation is done by the individual’s immediate superior in the organisation and whose performance is reviewed in turn by his superior. Thus, everyone in the organisation who rates others below him is also rated by his superiors, Performance appraisal employs rating techniques for comparing individual employees in the work group, in terms of personal qualities or deficiencies and the requirements of their respective jobs

**Characteristics of Performance Appraisal :** The following are the characteristics of Performance Appraisal

**1. A Process :** Performance appraisal is not a one-act play. It is rather a process that involves several acts or steps.

**2. Systematic Assessment :** Performance appraisal is a systematic assessment of an employee’s strengths and weakness in the context of the given job.

**3. Main Objective :** The main objective of it is to know how well an employee is going for the organisation and what needs to be improved in him.

**4. Scientific Evaluation :** It is an objective, unbiased and scientific evaluation through similar measure and procedures for all employees in a formal manner.

**5. Periodic Evaluation :** Although informal appraisals tend to take place in an unscheduled manner (on continuous) basis with the enterprises a supervisors evaluate their subordinates work and as subordinates appraise each other rand supervisors on a daily basis, yet the systematic (i.e., formal) appraisal of an individual employee is likely to occur at certain intervals through out that person's history of employment (say quarterly, six monthly, annually, etc.)

**6. Continuous Process :** In addition to being periodic performance usually is an ongoing process. It means that appraisals are regularly scheduled and are not dumped on the employee on whimsical dates without relevance. The process has not been broken in person's history of employment however, the periodicity of appraisal may be changed as per needs of the situation.

**7. Employee Feedback :** Performance appraisal system provides information to employees on how well they are doing their jobs, and this feedback is provided to them when it is relevant.

Performance appraisal is also called Employee Rating and Service Rating. Performance appraisal and merit rating are used synonymously. But strictly speaking performance appraisal is a wider term than merit-rating. In merit rating the focus is on judging the calibre and worth of an employee so as to place him on right job. On the other hand, performance appraisal focuses on the performance and future potential of the employee. Its aim is not simply to decide placement or promotion but to measures the value of worker in different job situations.

## PURPOSE OF PERFORMANCE APPRAISAL

The following are the main purposes of performance appraisal.

**1. Appraisal Procedure :** It provides a common and unified measure of performance appraisal, so that all employee are evaluated in the same manner. It gives an indiscriminatory rating of all the employees.

**2. Decision Making :** Performance appraisal of the employees is extremely useful in the decision making process of the organization. In selection, training, promotion, pay increment and in transfer, performance appraisal is very useful tool.

**3. Work Performance Records :** Performance appraisal gives us a complete information in the form of records regarding every employee. In the case of industrial disputes even arbitrator accepts these records in the course of grievance handling procedure.

**4. Employees Development :** Performance appraisal guides the employees in removing their defects and improving their working. The weaknesses of the employee recorded in the performance appraisal provide the basis for an individual development programme. If properly recorded and used, the performance appraisal gives the fair opportunities to employees to correct and rectify their mistakes.

**5. Enables Supervisors to be More Alert and Competent :** Performance appraisal enables supervisor to be more alert and competent and to improve the quality of supervision by giving him a complete record of employee's performance. He can guide an employee, where he is prone to commit mistakes.

**6. Merit Rating :** Merit rating is another name of performance appraisal, it gives supervisors a more effective tool for rating their personnel. It enables them to make more careful analysis of employee's performance and make them more productive and useful.

**7. Improves Employer Employee Relations :** Performance appraisal is not only a useful guide for the supervisors and employees but it improves the employer-employee relations by creating a more conductive and amicable atmosphere in the organization. It also stimulates free exchange of thoughts and ideas between the supervisor and his men. In this way performance appraisal bridges the emotional gap between the employer and employee by bringing them more close and by reducing man-to-man differences in the organization.

## USES OF PERFORMANCE APPRAISAL

Performance appraisal helps the employees in Self-improvement and Self-development. It helps the management in taking decisions about Placement, Promotions, Transfer, Training and Development, etc. It helps to achieve individual and organisational goals. It is useful to the employees and the organisation. Therefore, Performance Appraisal should be conducted objectively from time to time. The employees should not oppose it. However, they should see that the performance appraisals are systematic, fair and impartial. It should not be for punishing the employees. It should be for improving the employees and their performances.

**1. Help in Deciding Promotion :** It is in the best interest of the management to promote the employees to the positions where they can most effectively use their abilities. A well-organised, development and administered performance appraisal programme may help the management in determining whether an individual should be considered for promotion because the system not only appraises the worth of the employee on the present job but also evaluates his potentialities for higher job.

**2. Help in Personnel Actions :** Personnel actions such as lay-offs, demotions, transfers and discharges etc. may be justified only if they are based on performance appraisal. While in some cases, actions are taken because of unsatisfactory performance of the employee, in some other cases it may be called for due to some economic conditions beyond control such as changes in production process. In former case, the action can only be justified on the basis of the result of performance appraisal.

**3. Help in Wage and Salary Administration :** The wage increase given to some employees on the basis of their performance may be justified by the performance appraisal results. In some cases appraisal, i.e., merit and seniority are combined for higher salaries on better positions.

**4. Help in Training and Development :** An appropriate system of performance appraisal helps the management in devising training and development programmes and in identifying the areas of skill or knowledge in which several employees are not at par with the job requirements. Thus the appraisal system points out the general training deficiencies which may be corrected by additional training, interviews, discussions or counselling. It helps in spotting the potential to train and develop them to create an inventory of executives.

**5. Aid to Personnel Research :** Performance appraisal helps in conducting research in the field of personnel management. Theories in personnel field are the outcome of efforts to find out the cause and effect relationship between personnel and their performance. By studying the various problems which are faced by the performance appraiser, new areas of research may be developed in personnel field.

**6. Help in Self Evaluation :** Performance appraisal helps the employee in another way also. Every employee is anxious to know his performance on the job and his potentials for higher jobs so as to bring himself to the level of that position.

**7. Help in Creating Healthy Competition :** Performance appraisal brings out the deficiencies and shortcomings of the employees. Discussions between rater and rates may be conducted in a spirit of co-operation and mutual understanding. This gives an opportunity to the employer to have an insight on their performance and to take corrective measures to improve upon their performance.

**Essentials of an Effective Performance Appraisal System :**

The following are the essentials of an effective Performance Appraisal System :

**1. Mutual Trust :** The existence of an atmosphere of confidence and trust so that both supervisor and employee may discuss matters frankly and offer suggestions which may be beneficial for the organisation and for an improvement of the employee. An atmosphere of mutual trust and confidence should be created in the organisation before introducing the appraisal system. Such an atmosphere is necessary for frank discussion of appraisal. It also helps to obtain the faith of employees in the appraisal system.

**2. Clear Objectives :** The objectives and uses of performance appraisal should be made clear and specific. The objectives should be relevant, timely and open. The supervisor must very thoroughly evaluate the employee's performance so that he is capable of meeting challenges about his ratings of his subordinate.

**3. Standardisation :** Well-defined performance factors and criteria should be developed. These factors as well as appraisal form, procedures and techniques should be standardised. It will help to ensure uniformity and comparison of ratings. The appraisal techniques should measure what they are supposed to measure. These should also be easy to administer and economical to use. The appraisal system should be performance based and uniform. Employees should be made fully aware of performance standards and should be involved in setting the standards.

**4. Training :** Evaluators should be given training in philosophy and techniques of appraisal. They should be provided with knowledge and skills in documenting appraisals, conducting post appraisal interviews, rating errors, etc.

**5. Job Relatedness :** The evaluators should focus attention on job-related behaviour and performance of employees. The results of performance rather than personality traits should be given due weight. Suggestions for improvement should be directed towards the objective facts of the job (such as work schedules, output, reports completed, sales made, losses incurred, profits earned,

accomplishments, etc.). Joint plans for the future must be developed after consultation with subordinates. The individual as a person should never be criticised.

**6. Strength and Weaknesses :** The raters should be required to justify their ratings. The supervisor should try to analyse the strength and weaknesses of an employee and advise him on correcting die weakness.

**7. Feedback and Participation :** Arrangements should be made to communicate the ratings to both the employees and the raters. The employees should actively participate in managing performance and in the ongoing process of evaluation. The superior should play the role of coach and counseller. The overall purpose of appraisals should be developmental rather than judgmental.

**8. Individual Differences :** While designing the appraisal system, individual differences in organisations should be recognised. Organisations differ in terms of size, nature, needs and environment. Therefore, the appraisal system should be tailor-made for the particular organisation. The needs of rates in terms of feedback, mobility, confidence and openness should also be considered.

**9. Post Appraisal Interview :** A post-appraisal interview should be arranged so that employees may be supplied with feedback and the organisation may know the difficulties under which employees work, so that their training needs may be discovered.

**10. Review and Appeal :** A mechanism for review of ratings should be provided. Which particular technique is to be adopted for appraisal should be governed by such factors as the size, financial resources, philosophy' and objectives of an organisation.

The results of the appraisal, particularly when they are negative, should be immediately communicated to the employees, so that they may try to improve their performance.

**Steps in Appraising Performance :** Various steps in appraising performance of employees are as follows :

**1. Establishing Performance Standard :** The process of evaluation begins with the establishment of Performance Standards. While designing a job and formulating a job description, performance standards are usually developed for the position. These standard should be very clear and not vague, and objective enough to be understood and measured. These standard should be

discussed with the supervisors to find out which different factors are to be incorporated. Weights and points to be given to each factor and these then should be indicated on the Appraisal Form, and later on used for appraising the performance of the employees.

**2. Communicating Performance Expectations to Employees :** The next important step is to communicate the aforesaid standards to the concerned employees. Their jobs and jobs-related behaviour should be clearly explained to them. It should be noted that job related behaviours are those critical behaviour that constitute job success. The employee should not be presumed to guess what is expected of him. It should be noted that here communication means that the standards have been transmitted to the employee and he has received and understood them a two-way communication, i.e., transference of information from the manager to the subordinate regarding expectations, and feedback from the subordinate to the manager that this information has been received and understood in same context and contents.

**3. Measuring Actual Performance :** The third step is the measurement of actual performance. To determine what actual performance is, it is necessary to acquire information about it we should be concerned with how we measure and what we measure. Four sources of information are frequently used to measure actual performance : personal observation, statistical reports, oral reports and written reports.

**4. Comparing Actual Performance with Standards :** The next step is comparison of actual performance with the standards. By doing so the potentiality for growth and advancement of an employee can be appraised and judged. Efforts are made to find out deviations between standard performance and actual performance.

**5. Discussing the Appraisal with the Employee :** After comparing actual performance with standards, the next step is to discuss periodically the appraisal with the employee. Under this discussion good points, weak points, and difficulties are indicated and discussed so that performance is improved. The information that the subordinate receives about his performance assessment has a great impact of his self-esteem and on his subsequent performance. Conveying good news is considerably less difficult for both the manager and the subordinate than when performance has been below expectations.

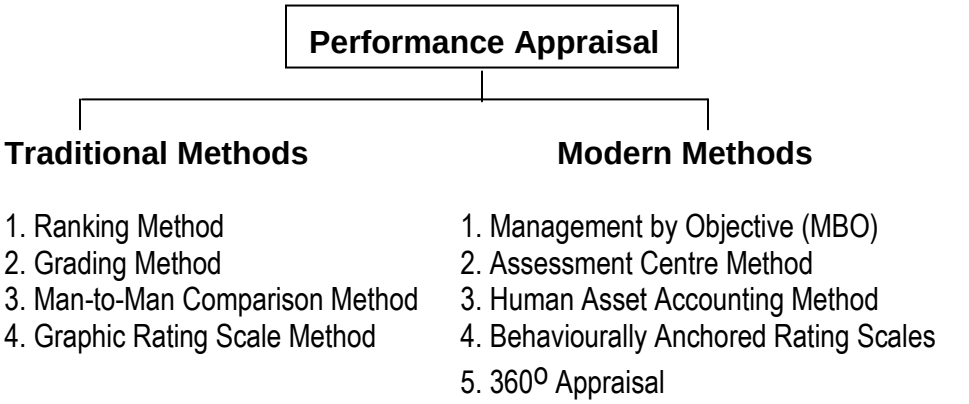
**6. Initiating Corrective Action :** The final step is the initiation of corrective action whenever necessary. Immediate corrective action can be of two types. One is immediate and deals predominantly with symptoms. The other is basic and delves into

causes. Immediate corrective action is often described as putting out fires whereas basic corrective action gets to the source of deviation and seeks to adjust the difference permanently. Coaching and counseling may be done or special assignments and projects may be set. Persons may be deputed for formal training courses, and decision making responsibilities and authority may be delegated to the subordinates. Attempts may also be made to recommend for salary increases or promotions, if these decisions become plausible in the light of appraisals.

It should be noted that the above details may vary from organisation to organisation, but these steps usually form the principal steps/features of a sound evaluation programme.

## METHODS OR TECHNIQUES OF PERFORMANCE APPRAISAL

Several methods and techniques are used for evaluating employee performance. They may be classified into two broad categories as shown.




**Traditional Methods of Performance Appraisal :** There are different techniques/methods which are used for performance appraisal of employees. Some of the methods of performance appraisal are:

**1. Ranking Method :** Ranking method is the oldest and simplest method of rating. Here, each employee is compared with all others performing the same job and then he is given a particular rank i.e. First Rank, Second Rank etc. It states that A is superior to B. B is superior to C and so on. This method ranks all employees but it does not tell us the degree or extent of superiority i.e. by how much one employee is superior to another. Secondly, this ranking is based on only mental assessment so it is not possible to give any objective proof about why the rater has ranked one employee as superior to another. In this method, the performance of individual employee is not compared with the standard performance. Here, the best is given first rank and poorest gets the last rank.

The ranking method is highly subjective. Similarly, here the employees are compared as a whole. Comparison of the various parts of an employee's performance is not done.

**2. Grading Method :** Under this method of performance appraisal, different grades are developed for evaluating the ability of different employees and then the employees are placed in these grades. These grades may be as follows : (i) Excellent; (ii) very good; (iii) Good; (iv) Average; (v) Bad; (vi) Worst.

**3. Man-to-Man Comparison Method :** This method was first used in USA army during the 1st World War. Under this method, few factors are selected for analysis purposes. These factors are : leadership, dependability and initiative. After that a scale is designed by the rate for each factor. A scale of person is also developed for each selected factor. Each person to be rated is compared with the person in the scale, and certain scores for each factor are awarded to him/her. In other words, instead of comparing a whole man to a whole man personnel are compared to the key man in respect of one factor at a time.

We can use this method in job evaluation. This method is also known as the Factor Comparison Method. In performance appraisal, it is not of much use because the designing of scale is a very difficult task.

**4. Graphic Rating Scale Method of Performance Appraisal:** This is the very popular, traditional method of performance appraisal. Under this method, scales are established for a number of fairly specific factors. A printed form is supplied to the rater. The form contains a number of factors to be rated. Employee characteristics and contributions include qualities like quality of work, dependability, creative ability and so on. These traits are then evaluated on a continuous scale, where the rater places a mark somewhere along the scale. The scores are tabulated and a comparison of scores among the different individuals is made. These scores indicate the work of every individual.

The following table presents simple graphic scale :

| | **Quality** | **Quantity** | **Creative** | **Dependability** |
|---|---|---|---|---|
| Excellent | | | | ✓ |
| Good | ✓ | ✓ | ✓ | |

| |
|---|
| Average |
| Poor |

This method is popular because it is simple and does not require any writing ability. The method is easy to understand and use. Comparison among pairs is possible. This is necessary for decision on salary increases, promotion, etc.

## MODERN METHOD OF APPRAISAL AND CAREER DEVELOPMENT

Most of the traditional methods emphasise either on the task or the worker's personality, while making an appraisal. For bringing about a balance between these two, modern methods, have been developed. The details of these methods are as follows :

**1. Management by Objective (MBO)** : It was Peter F. Drucker who first gave the concept of MBO to the world in 1954 when his book The Practice of Management was first published. Management by objective can be described as, a process whereby the superior and subordinate managers of an organisation jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contribution of each of its members.

**Essential Characteristics of MBO :** The important features of MBO are as follows :

**1. A Philosophy :** Management by objective is a philosophy or a system, and not merely a technique.

**2. Participative Goal Setting :** It emphasises participative goal setting.

**3. Clearly Define Individual Responsibilities :** Management by objective (MBO) clearly defines each individual's responsibilities in terms of results.

**4. Accomplishment of Goal :** It focuses a tension on what goal must be accomplished rather than on how it is to be accomplished (method).

**5. Objective Need into Personal Goal :** MBO converts objective need into personal goals at every level in the organisation.

**6. It Establishes Goals Yardsticks :** It establishes standards or goals yardsticks as operating guides and also as basis of performance evaluation.

**7. Efforts to Blend and Balance Goals :** It is a system intentionally directed toward effective and efficient attainment of organistional and personal goals.

**Objectives of MBO :** The objective of MBO is to change behaviour and attitudes towards getting th ejob done. In other words, it is results-oriented. It is performance that counts. It is a management system and philosophy that stress goals rather than methods. It provides responsibility and accountability and recognises that workers or employees have needs for achievement and self-fulfillment. It meets these needs by providing opportunities for participation in goal setting process. Subordinates become involved in planning their own careers.

**The Process of MBO :** It is as follows :

**1. Establishment of Goal :** The first step is to establish the goals of each subordinate. In some organisations, superiors and subordinates work together to establish goals. While in other organisation, superiors establish goals for subordinates. The goals typically refer to the desired outcome to be achieved. Thereafter these goals can be used to evaluate employee performance.

**2. Setting the Performance Standard :** The second step involves setting the performance standard for the subordinates in a previously arranged time period. As subordinates perform, they know fairly well what there is to do, what has been done, and what remains to be done.

**3. Comparison of Actual Goals with the Standard Goals :** In the third step the actual level goal attainment is compared with the standard goals. The evaluator explores reasons of the goals that were not met and for the goals that were exceeded. This step helps to determine possible training needs. It also alerts the superior to conditions in the organisation that may affect a subordinate but over which the subordinate has no control.

**4. Establishing New Goals, New Strategies :** The final step involves establishing new goals and, possibly, new strategies for goals not previously attained. At this point, subordinate and superior involvement in goal-setting may change. Subordinates who successfully reach the established goals may be allowed to participate more in the goal-setting process next time. The process is repeated.

**Benefits or Advantages of MBO :** The benefits of MBO are as follows :

**1. Balanced Focus on Objectives :** MBO forces the management to set objectives with balanced stress on key result area. Thus, crisis conditions are avoided to take place in the organisation.

**2. Better Managing Things :** MBO forces managers to think about planning for results, rather than merely planning activates or work. Managers are required to ensure that the targets are realistic and needed resources are made available to subordinates to achieve the targets. Clearly set objectives for the subordinates serve as evaluation standards and motivators for them. Thus, MBO results in improvement in managing.

**3. Better Organising :** The positions in the enterprise can be built around the key result areas. Managers are required to clarify organisational roles and structures hence better organising.

**4. MBO Reduces Role Conflict and Ambiguity :** Role conflict exists when a person is faced with conflicting demands from two or more supervisors; and role ambiguity exits when a person is uncertain as to how he will be evaluated, or what he has to achieve. Since MBO aims at providing clear targets and their order or priority, it reduces both these situations.

**5. It Provide more Objective Appraisal Criteria :** The targets emerge from the MBO process provide a sound set of criteria for evaluating the manager's performance.

**6. More Motivation :** MBO helps and increases employee motivation because it relates overall goals to the individual's goals : and help to increase an employee's understanding or where the organisationis and where it is heading.

**7. Managers Complete with Themselves :** Managers are more likely to complete with themselves than with other managers. The kind of evaluation can reduce internal conflicts that often arise when managers compete with each other to obtain scarce resources.

**8. Develop Personal Leadership :** MBO helps the individual manager to develop personal leadership, especially the skills of listening, planning, controlling, motivating, counseling and evaluating. This approach to managing instills a personal commitment to respond positively to the organisation's major concerns as well as to the development of human resources.

**9. MBO Identifies Problem Early :** It identifies problems better and early. Frequent performance review sessions makes this possible.

**10. Identifies Performance Deficiency :** MBO identifies performance deficiencies and enables the management and the employee to set individualised self improvement goals and thus proves effective in training and development of people.

Mc Gregor points out that MBO, in most of the cases, does some good without costing much. He further point out, under proper conditions, participation and consultative management provide encouragement to people to direct their creative energies towards organisation objectives, give them some oice in decisions which affect them, and provide sufficient opportunities for satisfaction of social, egoistic and self-fulfillment needs.

## DISADVANTAGES OF MBO

**1. Unfavourable Attitude of Managers :** Some executives have an attitude that the regular attention required of them by Management by objectives system, drawn heavily on their busy time-schedule and is not consistent with their roles. They feel that it is not so effective a way as some other approaches. Some view their roles as primarily involving policy-making, budget formulation etc.

**2. Difficult to Apply MBO Concepts :** Those executives who have been involved very often find it difficult to apply MBO concepts to their own work habits. They find it hard to think about the results of work rather than the work itself. They tend to over emphasize goals that the easy to quantify, sometimes forgetting that workers often behave almost like children at play-when the game no longer challenges, interest is soon last.

**3. Heavy Paper Work :** MBO involves a huge amount of news letter, instruction booklets, training manuals, questionnaires, performance data review and appraisals report to be prepared by the superior and subordinates. Thus MBO is said to have created one more paper mill in organisation added to the already existing large amount of paper work.

**4. Tug of War :** There is sometimes tug of war in which the subordinates try to set the lowest targets possible and the supervisors the highest.

**5. Time Consuming :** MBO is time consuming especially in the early phases of its introduction when employees are unfamiliar with its process.

A number of pitfalls have been indicated, by the researchers, in the way of effective working of MBO programmes. The reasons for failure in the MBO process are : hasty implementation, unknowledgeable users, lack of management follow through, and support, over emphasis on structure, treatment of another gimmick, failure to carefully monitor and encourage the MBO process during hard initial year of implementation.

MBO can be effective technique for performance evaluation and for motivating subordinates, by developing communication between executives at all levels. Those at the bottoms must be willing to listen to the voice of experience, and those at the bottoms must be willing to listen to the voice of experience, and those at the top willing to accept fresh idea from lower echelon employees. Similarly, executives must keep abreast of new programmes, especially the modern ideas that have been developed in the academic circles.

## 2. Assessment Centre Method

This concept was first applied to military situations by Simoniet in the Geran Army in the 1930s and the War office Selection Board of the British Army in the year 1960. The main objective of this method was and is to test candidates in a social situation, using a number of assessors and variety of procedures. The most important characteristic of the assessment centre is job-related simulations. These simulations involve characteristics that managers feel are important to the job success. The evaluators observe and evaluate participants as they perform activities commonly found in these higher level jobs.

In this method many evaluators join together to assess the performance of employee in several situations with the use of variety of criteria. It is used mostly to help select employees for the first level (the lowest) supervisory positions. The assessments are made to find employee potential for the purpose of promotions. The assessment is generally done with the help of a couple of employees and involves a paper-and pencil test, interviews, and situational exercises. The main features of the techniques are given below :

**(i) Leaderless Discussion :** The use of situational excises such as an in basket exercise, business game, a role-playing incident and leaderless group discussion.

**(ii) Highly Experienced Evaluator :** Evaluators are drawn from experienced managers with proven ability at different level of management.

**(iii) Employee's Individual and Collective Evaluation :** The evaluators evaluate all employees, both individually and collectively, and each candidate is given one of the three categories more than acceptable, less than acceptable and unacceptable.

**(iv) Preparation of Summary Report :** A summary Report is made by the members, and a feed back on a face-to-face basis is administered to all the candidates who ask for it.

**Objectives of Assessment Centres :** The centres are used for the following purposes :

1. For implementing affirmative goals.
2. For making an early determination of potential.
3. For providing accurate information relating with human resource planning.
4. For determining individual training needs of employees.
5. For selecting recent college students for entry level position.
6. For measuring potential for first level supervision, sales and upper management positions and also for higher levels of management for development purposes.

The characteristics assessed in a typical assessment centre include assertiveness, persuasive ability, communicating ability, planning and organisaional ability, self confidence, resistance to stress, energy level, decision-making, sensitivity to the feeling others, administrative ability, creativity, and mental alertness etc.

**Procedure :** The Assessment centre programme commonly used as follows :

**Firstly :** A leadership group is made each member supporting a predefined position, but the group must arrive at consensus.

**Secondly :** A task force is used with an appointed leader, who decides on a course of action.

**Thirdly :** Simulation games and in-basket exercises are used to test organisational and planning abilities.

**Fourthly :** Oral report is made by the candidate, which tests his communication skills and straight into his present position.

**Fifthly and Lastly :** Personal interviews, and projective tests are used to assess work motivation, career orientation, and dependence on other. Paper and pencil tests measure intellectual ability.

The duration of Assessment centre programme varies with the persons. For instance, centre designed to select first line supervisors, sales personnel, and management trainee generally last for a day or less; while those used for higher-level managers may run for two or three days or longer if used for developmental and not for selection purposes.

**Drawbacks :** These are as follows :

**(i) Exam Syndrome :** One of the most obvious drawbacks is the examination-taking syndrome solid performer in day-to-day operations feel suffocated in the simulated environment.

**(ii) Adverse Effect on Potential :** Another drawback is its potential adverse effect on those not selected to participate in the exercise.

**(iii) Negative Reaction :** Employees who receive a poor report from the centre may react in negative way.

**(iv) Poor Report Demoralises Employee :** A good performer at one level may leave the organistaion in order to remove the bad assessment report from his or her work record. Thus, a poor report can demoralise an employee who was once an asset.

**(v) Other Problems :** Other problems include-strong and unhealthy sense of competition among the assesses, difficulty of conducting test frequently, and the possibility of overemphasising the test performance.

However a well-conducted assessment centre can and does achieve better forecasts of future performance and progress than other methods of appraisal. Apart from that reliability, content validity, and predictive validity are said to be high in the assessment centres. This test helps in making sure that the wrong people are not hired or promoted.

### 3. Human Asset Accounting Method :

This technique refers to money estimates to the value of a firm’s internal human organisation and its external customer

goodwill. If well trained employees leave a firm, the human organisation is worthless; if they join it, its human assets are increased. if distrust and conflict prevail, the human enterprise is devalued. If team work and high morale prevail, the human organisation is a very valuable asset.

The current value of a firm's human organisation can be evaluated by developed procedures by undertaking periodic measurements of key casual and intervening enterprise variables. The key casual variables include the structure of an organisation's management policies, decisions, business leadership, skills, strategies, and behaviour. The intervening variables indicate the internal state and health of an organisation. They include loyalties, attitudes, motivations, and collective capacity for effective interaction, communication and decision-making. These two types of variable measurements must be made over several years to provide the needed date for the computation of the human asset accounting.

**4. Behaviourally Anchored Rating Scales (BARS) :**

This method is also called behavioural expectation scales. These are the rating scales whose scale points are determined by statements of effective and ineffective behaviour. They are said to be behaviourally anchored in that the scales represent a range of descriptive statements of behaviour varying from the least to the most effective. A rater must indicate which behaviour on each scale best described an employee's performance. Behaviourally anchored rating scales (BARS) are having 5 steps :

**1. Generate Critical Incidents :** Persons with knowledge of the job to be appraised (job holders/supervisors) are asked to describe specific illustrations (critical incidents) of effective performance behaviour.

**2. Develop Performance Dimensions :** These people then cluster the incidents into a smaller set (or say 5 or 10) of performance dimensions. Each cluster (dimension) is then defined.

**3. Reallocate Incidents :** Any group of people who also know the job then reallocate the original critical incidents. They are given the cluster's definitions, and critical incidents, and asked to redesign each incident to the dimension it best described. Typically a critical incident is retained if some percentage usually (50 to 80%) of this group assigns it to the same cluster as the previous group did.

**4. Scale of Incidents :** This second group is generally asked to rate (7 or 9 point scales are typical) the behaviour described in

the incident as to how effectively or ineffectively it represents performance on the appropriate dimension.

**5. Develop Final Instrument :** A subset of incident (usually 6 or 7 pe) cluster are used as behaviour anchors for the performance dimensions.

BARS were developed to provide results which subordinates could use to improve performance superiors would feel comfortable to give feedback to the ratee. Further, BARS help to overcome rating errors. Unfortunately, the method too suffers from distortions inherent in most rating techniques.

**5. 360$^{O}$ Appraisal :** In 360-degree performance appraisal technique a manager is rated by everyone above, alongside and below him.

360 degree approach is essentially a fact-finding, self-correcting technique, used to design promotions. The personality of each top manager – their talents, behavioural traits, values, ethical standards, tempers, loyalties – is to be scanned, by their colleagues as they are best placed to diagnose their suitability for the job requirements.

In this method a question are is structured to collect required data about a manager from his bosses, peers, subordinates.

360-degree approach of assessment provides equal opportunity to evaluate the efforts of the top manager or managers in running a company effectively. It focuses on the intrinsic qualities of the manager as well as his capacity to lead. It also gives feedback to all assesses on their styles.

**Merits of 360-Degree Approach :** The merits of the technique are

1. The organisation gains from the self-awareness of the top managers. It reveals strengths and weaknesses in their managing styles.
2. The gap between self assessment and the views of one's colleagues is reduced.
3. Teamwork thrives once peer group assessment is included in the methodology.
4. Empowerment is facilitated.
5. Facts about the organisational culture are brought to light.
6. Inflexible managers are forced to initiate change in their style:

**Demerit of 360-Degree Approach :** The main drawbacks of this approach are as follows :

1. 360-degree approach can be utilised to humiliate people.
2. Response from colleagues tends to be biased.
3. Linking rewards to findings can prove to be unfair.
4. The results could be uneven.

This technique identifies most suitable and acceptable person for the consideration of promotion. 360-degree approach supports the company's progress and rewarding the excellent performance of an individual.

**Limitations of Performance Appraisal**

The main limitations of Performance Appraisal are explained below :

**1. Time Consuming :** Performance appraisal is a time taking affair. It is a very lengthy process under which different forms are to be filled in and various observations are required to be noted in a careful manner.

**2. Lack of Reliability :** Reliability implies stability and consistency in the measurement. Lack of consistency over time and among different raters may reduce the reliability of performance appraisal.

**3. Incompetence :** Raters may fail to evaluate performance accurately due to lack of knowledge and experience. Post appraisal interview is often handled ineffectively.

**4. No Uniform Standards :** The standards used for appraisal purpose are not uniform within the same organisation. This makes the rating unscientific. Similarly, the rating is done on the basis of an overall impression, which is not proper.

**5. Absence of Effective Participation of Employees :** In performance appraisal effective participation of concerned employee is essential. In many methods of appraisal he is given a passive role. He is evaluated but his participation or self evaluation is rather absent.

**6. Resistance of Employees to Appraisal :** Employees oppose the system as they feel that the system is only for showing their defects and for punishing them. The managers resist the system as they are not willing to criticise their subordinates or have no capacity to guide them for self improvement or self development.

**7. Paperwork :** Some supervisors feel that performance appraisal is paperwork. They make such complaints because many

a times, performance appraisal reports are found only in the files rather than rendering any practical use.

**8. Fear of Spoiling Relations :** Performance appraisals may also affect superior-subordinate relations. As appraisal makes the superior more of a judge rather than a coach, the subordinate may look upon the superior with a feeling of a suspicion and mistrust.

**9. Stereotyping :** This implies forming a mental picture of a person on the basis of his age, sex, caste or religion. It results in an over-simplified view and blurs the assessment of job performance.

**10. Negative Approach :** Performance appraisal loses most of its value when the focus of management is on punishment rather than on development of employees.

**11. Multiple Objectives :** Raters may get confused due to two many objectives or unclear objective of performance appraisal.

**12. Resistance :** Trade unions may resist performance appraisal on the ground that it involves discrimination among its members. Negative ratings may affect interpersonal relations and industrial relations particularly when employees/unions do not have faith in the system of performance appraisal.

**13. Halo Effect :** Generally, there is the presence of ‘a halo’ effect which leads to a tendency to rate the same individual first, which once have stood first.

**14. Individual Differences :** Some people are more distinct while some are very liberal in assigning the factors, points or number to the employees. They are unable to maintain a fair distinction between two individuals. It also nullifies the utility of this system.

**15. Unconfirmed :** Sometimes the results of performance appraisals are not confirmed by other techniques of motivation, incentive wages plans and so on. Factors are introduced in the managerial appraisal because of a fact or bias in the person concerned conducting the appraisal.

**Questions :**

1. Define Performance appraisal. How is performance appraisal useful?
2. Discuss the meaning and purpose of Performance Appraisal.
3. What are the main objectives/purposes of performance Appraisal ? Discuss the important reasons of benefits which justify the existence of a system of performance appraisal in an enterprises.
4. Discuss the role of a Performance Appraisal System in an Organisation.
5. Explain the importance of Performance Appraisal in Human Resource Management.
6. What is Performance Appraisal? What are its Objective? Explain
7. Describe the Process of Evaluating Employees Performance.
8. Describe in detail the process of Performance Appraisal.
9. "Performance Appraisal is not merely for appraisal but is for accomplishment and improvement of performance" Discuss.

❖❖❖

# 6

# JOB EVALUATION

## OBJECTIVE OF THE UNIT

After the completion of the unit the student will be able to

1. Understand Meaning and Definition of job Evaluation :
2. Know the objectives of Job Evaluation
3. Understand the concept of Merit Rating
4. Know Objects of Merit Rating
5. Understand the various methods of Job Evaluation
6. Highlight distinctions between Job Evaluation and Merit Rating
7. Study various methods of Merit Rating

## INTRODUCTIONS

Job Evaluation is a system wherein a particular job of an enterprise is compared with its other jobs. In the present industrial era, there are different types of jobs which are performed in every business and industrial enterprise. Comparative study of these jobs is very essential because on the basis of such study the structure of wages for different types of jobs is prepared. The comparison of

jobs may be made on the basis of different factors such as duties, responsibilities, working conditions, efforts, etc. In nut shell, it may be said that job evaluation is a process in which a particular job of a business and industrial enterprise is compared with other jobs of the enterprise. Some scholars name it the determination of job rate.

**Definitions:** Some eminent scholars have defined Job evaluation as follow :

**1. Kimball and Kimball** define job evaluation as "an effort to determine the relative value of every job in a plant to determine what the fair basic wage for such a job should be."

**2. According to Wendell French,** "job evaluation is a process of determining the relative worth of the various jobs within the organisation, so that differential wages may be paid to jobs of different worth." The relative worth of a job means relative value produced. The variables which are assumed to be related to value produced are such factors as *responsibility, skill, effort* and *working conditions*.

Job evaluation is a process of comparing jobs with other jobs in terms of the demand a job makes on the worker.It does not set the price of a job; it merely fixes its relative worth. It presents 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. It is not evaluating the ,merit of the worker who is doing the work. It rates the job and not the qualities of the individual worker on the job, which is the task of employee rating.

We may define job evaluation as a process of analysing and describing positions, grouping them and determining their relative value of comparing the duties of different position in terms of their different responsibilities and other requirements

## OBJECTIVES OF JOB EVALUATION

The following are the objectives of job evaluation :

(i) To secure and maintain complete, accurate and impersonal descriptions of each distinct job or occupation in the entire plant;

(ii) To provide a standard procedure for determining the relative worth of each job in a plant;

(iii) To determine the rate of pay for each job which is fair and equitable with relation to other jobs in the plant, community or industry;

(iv) To ensure that like wages are paid to all qualified employees for like work;

(v) To promote a fair and accurate consideration of all employees for advancement and transfer; (vi) To provide a

factual basis for the consideration of wage rates for similar jobs in a community and industry; and

(vii) To provide' information for work organisation, employees' 'selection, placement, training and numerous other similar problems.

In fact the primary purpose of job evaluation is to set wages. It does this by providing a basis for the following matters:

(a) Equity and objectivity of salary administration, ie., paying the people whose work is alike the same wages, and establishing appropriate wage differentials between jobs calling for different skills and responsibilities;
(b) Effective wage and salary control;
(c) Union-management negotiations on wages; and
(d) Comparison of wage and salary rates with those of other employees.

**Besides setting wages, job evaluation also help in :**

(a) Providing standardisation and improvement of working conditions;
(b) Clarifying the functions, authority and responsibility of employees;
(c) Establishing references for the settlement of grievances arising out of individual rates and for negotiations with a trade union on internal wage structure and differentials;
(d) Developing machinery for a systematic reviewing of job rates as job contents change; and
(e) Developing personnel statistics.

**Principles of Job Evaluation**

There are certain broad principles, which should be kept in mind before putting the job evaluation programme into practice. These principles are :

(i) Rate the job and not the man. Each element should be rated on the basis of what the job itself requires.
(ii) The elements selected for, rating purposes should be easily explainable in terms and as few in number as will cover the necessary requisites for every job without any overlapping.
(iii) The elements should be clearly defined and properly selected.
(iv) Any job rating plan must be sold to forcemen and employees. The success in selling it will depend on a clear-cut-cut explanation and illustration of the plan.
(v) Foremen should participate in the rating of jobs in their own departments.
(vi) Maximum co-operation can be obtained from employees when they themselves have an opportunity to discuss job ratings.

(vii) In talking to foremen and employees, any discussion of money value should be avoided. Only point values and degrees of each element should be discussed.

(viii) Too many occupational wages should not be established. It would be unwise to adopt an occupational wage for each total of point values.

**Advantages of Job Evaluation**

Job evaluation enjoys the following advantages :

(i) Job evaluation is a logical and to some. extent an objective method of ranking jobs relative to one another. It may help in removing inequalities in existing wage structures and in maintaining sound and consistent wag differentials a plant or industry.

(ii) In the case of new jobs, the method often facilitates fitting them into the existing wage structure.

(iii) The method helps in removing grievances arising out of relative wages; and it improves labour-management relations.

(iv) The method replaces the many accidental factors, occurring in less systematic procedures, of wage bargaining by more impersonal and objective standards, thus establishing a clear basis for negotiations.

(v) The method may lead to greater uniformity in wage rates, thus simplifying wage adminstration.

(vi) The information collected in the process of job description and analysis may a1so be used for the improvement of selection, transfer and promotion procedures on the basis of comparative job requirements.

(vii) Such information also reveals that workers are engaged on jobs requiring less skill and other qualities than they possess, thereby pointing to the possibility of making more efficient me of the plants' labour force;

**Methods of Job Evaluation :**

The following are the methods of Job Evaluations

**1. Ranking Method :** The ranking method requires a committee typically composed of both management and employee representatives of job in a simple rank order, from highest to lowest. Rating specialists review the job analysis information and thereafter appraise each job subjectively according to its general importance in comparison with other jobs. In other words, an overall judgment is made of the relative worth of each job, and the job is ranked accordingly. These are overall rankings, although raters may consider individually the responsibility, skill, effort, and working conditions and each job. No attempt is made to determine the critical factors in each job. Therefore, it is quite possible that important elements of some jobs may be overlooked while unimportant items are weighed too heavily. It may be noted that because of the difficulties in ranking a large number of jobs at the

time, the paired comparison technique of ranking is sometimes used. With this technique, decisions are made about the relative worth of only two jobs at a time. However, since each job is compared with every other jobs, the number of comparisons to be made increases rapidly with the addition of each job to the list.

**2. Job Grading or Job Classification Method :** This method works by assigning each job a grade, level or class that corresponds to a pay grade for instance Grade I, Grade II, Grade III and so forth. These grades or classifications are created by identifying gradations of some common denominations, such as job responsibility, skill, knowledge, education required, and so on. Then, for each job grade so created standard job descriptions are determined. Thereafter, such standard description is matched with job descriptions in the organisation. The standard description that most nearly matches the job description determines the job's grading. This method requires a decision at the initial stage on the number of pay grades to be included in the wage and salary plan. Of course, the actual amount to be assigned to pay grades made after the job evaluation is completed.

**3. Factor-comparison Method :** This method is a combination of ranking and point systems. All jobs are compared to each other for the purpose of determining their relative importance by selecting four or five major job elements or factors which are more or less common to all jobs. These elements are not predetermined. These are chosen on the basis of job analysis. The few factors which are customarily used are :

(i) mental requirements (ii) skill (iii) physical requirements (iv) responsibilities (v) working conditions, etc.

A few jobs are selected as key jobs which serve as standard against which all other jobs are compared. key job is one whose contents have been stabilised over a period of time and whose wage rate is considered to be presently correct by the management and the union.

**Evaluation of Various Methods :** None of the systems is free from defects. None is the best in all conditions and for all types of organisations. However, the point system is the best in the present circumstances. It is widely used in almost all the enterprises as a technique of job evaluation since it presents an analytical approach to the measurement of job worth. It is better not to insist on a particular system of job evaluation. A mix of all the methods should be adopted.

## MERIT RATING

Merit rating in a technique to evaluate the merits of duals according to job request merit. The personal abilities that an individual brings to his job, measured by the extent to which his output or quality of his work exceeds the minimum that can reasonably to expected for his basic rate of pay.

The definitions of merit rating are given as follows :

1. According to **Edward Flippo,** “Merit rating is a systematic, periodic and, so far as humanly possible, an impartial rating of an employee’s excellence in matters pertaining to his present job to his potentialities for a job.”

2. According to **Scot, Clothier and Spriegal,** “Merit rating of an employee is the process of evaluating the employee’s performance on the job in terms of the requirements of the job.”

3. **Alford and Beatty** observe, “Employees or personnel rating is the evaluation or appraisal of the relative worth to the company of a man’s services of his better job.”

Merit Rating is a process through which the ability, efficiency and potentiality of an employee are evaluated. Merit Rating is necessary for determining the wages rate, the need of training to the employees and the promotion of employees to the higher jobs.

**Objects Of Merit Rating**

The objects of Merit Rating are as follows:

1. To make a comparative study of the abilities of different employees.
2. To provide higher reward to the more efficient employees.
3. To prove the justification of different rat of wages to different employees according to their abilities.
4. To establish harmonious relation between employees and employers.
5. To motivate the employees to do better and more work.
6. To determine a policy for promotions and transfer.
7. To evaluate the success of training programmes.

8. To forecast the need of training to the employees and to determine the nature of training.

## MERIT RATING

Merit rating is a process through the ability, efficiency and the potentiality of an employee are evaluated for the purpose of determining wage rate, need of training and for determining the policy for promotions and transfers.

**Methods of Merit Rating**

Following are the various methods of Merit Rating :

**1. Rating Procedure :** In this method, the abilities of an employee are compared with that of other employees. Under this method, the employees are divided into efficient and inefficient employee. This method adopts the technique of paired comparison. Therefore, the pairs of two employees each are made according to the formula of N(N-1)Z and the more efficient employee in every pair is underlined. The employee having maximum underline is treated as the most efficient employee having maximum underline is treated as the most efficient employee whereas the employee having no underline to his credit, is treated least efficient employee.

**2. Grading Method :** Here different grades are divided for evaluating the ability of different employees and then the employees are placed in these grades. The grades are—Excellent, Very Good, Good, Average, Bad, Worst. Every grade may again be sub-divided into three grades:

(i) Highly Satisfactory (ii) Satisfactory (iii) Non-satisfactory. Employees can be placed in any of these groups according to their abilities.

**3. Man to Man Comparison Method :** This is the method where, a master scale is used to evaluate the qualities of different employees. The five scales of performance are determined for every job in the master scale. For example, to measure the efficiency of employees, first of all the most efficient employee is selected and after that the most inefficient employees are selected who are respectively more efficient than average efficiency and less efficient than average efficiency. These five employees become the base for measuring the efficiency of the totalemployees. Every employee of the enterprise is compared with these five employees to evaluate their ability and efficiency.

**4. Graphic Rating Method :** In this method, the abilities of employees are evaluated through graph. The abilities of all the employees are represented on a graph paper with the help of scale. Following qualities are included to evaluate the ability of employees such as Quantity of Job, Quality of job, Regularity, ability to learn, ability to initiate, dependence upon other employees and officers, safety aspects, ability to direct, ability to supervise, behaviour with other employees and officers.

Under this method of Merit Rating, a report is prepared regarding Merit Rating of every employees and it is represented on a graph paper. It makes evaluation of employees very easy and simple.

**5. Checking List Method :** A list of necessary qualities for the performance of a job is prepared under this method. The qualities of the employees are measured on the basis of the abilities of such lists. If an employee possesses that quality, the sign '+' is marked in the list. If that quality is not possessed by an employee the sign '-' is marked in the list. If there is a doubt regarding it, the sign of (?) is marked in the list. On the basis these sign, the abilities of an employee are evaluated. The specimen of checking list of Merit Rating is as follows :

**Checking List of Merit Rating**

| S.No. | Question | Yes (+) | No (-) |
|---|---|---|---|
| 1. | Does the employee posses technical knowledge of his job? | | |
| 2. | Does the employee posses interest in his job? | | |
| 3. | Is the attendance of employee satisfactory? | | |
| 4. | Is the health of employee satisfactory? | | |
| 5. | Does the employee follow the orders and instructions? | | |
| 6. | Does the employee behave well? | | |
| 7. | Does the employee perform his duties properly? | | |
| 8. | Does the employee violet his responsibilities? | | |

**6. Descript Evaluation Method :** In this method supervisor prepares a detailed report of the abilities, efficiency and potentialities of the employees under his supervision. All the employees are evaluated on the basis of these reports.

**7. Forced Choice Descriptive Method :** In this method some details are collected regarding the performance of an employee on the given job. After this, some standards are fixed with the consent

of evaluations. The performance of an employee is evaluated on the basis of these standards and the ability and efficiency of all the employees are evaluated on this basis.

## DISTINCTION BETWEEN JOB EVALUATION AND MERIT RATING

The objective of Job Evaluation and Merit Rating are almost same, because both the techniques aim at making comperative study of the abilities and performance of an employee. Even then there are technical differences between these two. These differences are as follows :

| Job Evaluation | Merit Rating |
|---|---|
| **Meaning** It is a technique by which different jobs of an enterprise are evaluated. | Merit Rating is the process by which the ability, efficiency and potentiality of an employee are evaluated. |
| **Begining :** This process is started after the appointment of an employees. | This process of Merit Rating is started before the appointment of employees. |
| **Procedure of Evaluation :** In the process of job evaluation, the performance of an employee is evaluated by comparing it with the performance of another employee's of equal rank and status | In the process of Merit Rating, the ability, efficiency and the potentiality of an employee are evaluated. |
| **Relation :** It is realted with the relative study of different jobs | It is related with relative study of different employees. |
| **Basis of Determining Wages and Salaries** In the process of job evaluation, the remuneration of an employee is determined | In the process of Merit Rating, the remuneration of an employee is determined on the basis of his efficiency, ability and potentiality. |

**Limitation of Job Evaluations :** These are :

(i) Though many ways of applying the job evaluation technique are available, rapid changes in technology and in the supply and demand of particular skills have given rise to problems of adjustment.

(ii) Substantial differences exist between job factors and the factors emphasised in the market. These differences are wider in cases in which the average pay offered by a company is lower than that prevalent in other companies in the same industry or in the same geographical area.

(iii) A job evaluation frequently favours groups different from those which are favoured by the market. This is evident from the observations whole of Kerr and Fisher. According to them, “the jobs which tend to rate high as compared with the market are those of janitor, nurse and typist, while craft rates are relatively low. Weaker groups are better served by an evaluation plan than by the market; the former places the emphasis not on force but on enquiry.”

(iv) Job factors fluctuate’ because of changes in production technology, information system, and division of labour and such other factors. Therefore, the evaluation of a job today is made on the basis of job factors, and does not reflect the time job value in future. In other words, continuing attention and frequent evaluation of a job are essential.

(v) Higher rates of pay for some jobs at the earlier stages than other jobs or the evaluation of a job higher in the organisational hierarchy at a lower rate than another job relatively lower in the organisational hierarchy often give rise to human relations problems and lead to grievances among those holding these jobs.

**Questions :**

1. What is meant by Job Evaluation? Explain in brief the various methods of Job Evaluation.
2. What do you understand by Job Evaluation? What are its objects? Discuss the various methods of Job Evaluation. Also evaluate which method is the best one?
3. Distinguish between Job Evaluation and Merit Rating

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# 7

# TRAINING AND DEVELOPMENT

## OBJECTIVE OF THE UNIT

After the completion of the unit the student will be able to

1. Understand Meaning and nature of Training and Development
2. Know the objectives of Training

3. Study the needs and importance of Training
4. Understand the concept of Training and Development
5. Know Management Development Programme (MDP)
6. Understand the requites for the Success of Management Development Programme (MDP)
7. Study Training Practices in India
8. Make and evaluation of Training Facilities

## INTRODUCTION

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

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

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

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

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

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

## NATURE OF TRAINING AND DEVELOPMENT

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

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

The term 'training' indicates the process involved in improving the aptitudes, skills and abilities of the employees to perform specific jobs. Training helps in updating old talents and developing new ones.

Training is a vital phase of management control. It helps in reducing accidents, eliminating wastages and increasing, the quality of work.

Training and Development are terms which are sometimes used interchangeably. Development was seen as an activity associated with managers, In contrast training has a more immediate concern and has been associated with improving the knowledge and skill of non-managerial employees in the present job.

Training and development may be regarded interactive, each complementing the other. The logical step for' the organisation is to produce a plan for human resource development (i.e. training and development) which will dovetail into the employee resourcing plan (i.e.selection) and the organisation's overall strategic plan.

**Objectives of Training**

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

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

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

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

## NEED AND IMPORTANCE OF TRAINING

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

**2. Improving Quality :** Better informed workers are less likely to make operational mistakes. Quality increases may be in relationship to a company product or service, or in reference to the intangible organisational employment atmosphere.

**3. Helping a Company Fulfil its Future Personnel Needs :** Organisations that have a good internal educational programme will

have to make less drastic manpower changes and adjustments in the event of sudden personnel alternations. When the need arises, organisational vacancies can more easily be staffed from internal sources if a company initiates and maintains and adequate instructional programme for both its non-supervisory and managerial employees.

**4. Improving Organisational Climate :** An endless chain of positive reactions results from a well-planned training programme. Production and product quality may improve; financial incentives may then be increased, internal promotions become stressed, less supervisory pressures ensue and base pay rate increases result. Increased morale may be due to many factors, but one of the most important of these is the current state of an organisation's educational endeavour.

**5. Improving Health and Safety:** Proper training can help prevent industrial accidents. A safer work environment leads, to more stable mental attitudes on the part of employees. Managerial mental state would also improve if supervisors now that they can better themselves through company-designed development programmes.

**6. Obsolescence Prevention :** Training and development programmes foster the initiative and creativity of employees and help to prevent manpower obsolescence, which may be due to age, temperament or motivation, or the inability of a person to adapt himself to technological changes.

**7. Personal Growth :** Employees on a personal basis gain individually from their exposure to educational experiences." Again, "Management development programmes seem to give participants a wider awareness, an enlarged skin, an enlightened altruistic philosophy, and make enhanced personal growth possible."

It may be observed that the need for training arises from more than one reason

(i) An increased use of technology in production;
(ii) Labour turnover arising from normal separations due to death or physical incapacity, from accidents, disease, superannuation, voluntary retirement, promotion within the organisation and change of occupation or job.
(iii) Need for additional hands to cope with an increased production of goods and services;
(iv) Employment of inexperienced, new or badli labour requires detailed instruction for an effective performance of a job;

(v) Old employee need refresher training to enable them to keep abreast of the changing methods, techniques, and use of sophisticated tools and equipment;
(vi) Need for enabling employees to do the work in a more effective way, to reduce learning time, reduce supervision time reduce waste and spoilage of raw material and produce quality goods, and develop their potential.
(vii) Need for reducing grievances and minimising accident rates;
(viii) Need for maintaining the validity of an organisation a whole and raising the moral of its employees.

## TRAINING AND DEVELOPMENT

Though training and education differ in nature and orientation, they are complementary. An employee, for example, who undergoes training, is presumed to have had some formal education. Furthermore, no training programme is complete without an element of education. In fact, the distinction between training and education is getting increasingly blurred now-a-days. As more and more employees are called upon to exercise judgment and to choose alternative solutions to the job problem training programmes seek to broaden and develop the individual through education. For instance, employees in well-paid jobs and or employees in the service industry may be required to make independent decisions regarding their work and their relationships with clients. Hence, organisations must consider elements of both education and training while planning their training programmes.

Training is the systematic modification of behavior through learning which occurs as a result of education, instruction development and planned experience. Training is the increasing knowledge and skill of an employee for doing a particular job; Training is a short term process utilizing a systematic and organised procedure by which trainees learn technical knowledge and skill for a definite purpose. Training is a process of learning a sequence of programmed behavior. It implies application is a process of learning a sequence of programmed behaviour. It implies application of rules and procedures to guide their behaviour thereby improve their performance.

Training is a systematic programme to increase the knowledge, skills, abilities and aptitudes of employees to perform specific jobs. Training is concerned with increasing the knowledge and understanding of the total environment. Development is concerned with the growth of an employee in all respects. Development programmes seek to develop skills and competence for future jobs while training programmes are directed toward maintaining and improving job performance. Thus training is a process by which the aptitudes, on the one hand skills, abilities of employees to perform

specific jobs are increased. On the other hand, education is the process of increasing the general knowledge and understanding of employees.

### Distinction between Training an Development

| Training | Development |
|---|---|
| Training means learnings skills and knowledge for doing a particular job. It increases job skills. | Development means the gorwth of an employee in all respects. It shapes attitudes. |
| The term 'training' is generally used to denote imparting specific skills among operative workers and employees. | The term 'development' is associated with the overall growth of the executives. |
| Training is concerned with maintaining and improving current job performance. Thus, it has a short-term perspective. | Executive development seeks to develop competence and skills for future performance. Thus, it has a long-term perspective. |
| Training is job-centred in nature. | Development is career-centred in nature. |
| The role of trainer or supervisor is very important in training. | All development is 'self development'. The executive has to be internally motivated for self-development |

Development refers to those learning opportunities designed to help employee grow. Development is not primarily skills-oriented. Instead, it provides general knowledge and attitudes which will be helpful to employees in higher positions. Efforts towards development often depend on personal drive and ambition. Development activities, such as those supplied by management development programmes are generally voluntary.

### Management Development Programme (MDP)

Management development programmes, aim systematically to identify talent, improve skills, widen experience and help people to grow in their ability to accept greater responsibility.

The subject matter of a course for Management Development Programme (MDP) may comprise :

**1. Company or Organisation :** The Management Development Programme (MDP) relating company or organisation may contain the following sub-areas :

(i) Objective and philosophy of company; (ii) Policies, procedures and practices of an organisation; (iii) Products and services; (iv) Organisational structure and organisation dynamics; (v) Plant facilities; (vi) Financial aspects such as investment

planning, financial planning and control capital budgeting; (vii) Labour management relations etc.

**2. Managemetn Techniques and Principles :** Under this main area the following sub-areas may be included:

(i) Organisation principles; (ii) Financing, planning and management; (iii) Cost analysis and control; (iv) Operations research and data processing; (v) Marketing management, Marketing research; (vi) Production planning and control; (vii) management and administration; (viii) Decision-making.

**3. Human Relations :** In this constituent the below mentioned sub-areas may be included :

(i) Motivation; (ii) Understanding human behaviour; (iii) Group dynamics; (iv) Discipline; (v) Complaints and grievances; (vi) Collective bargaining; (vii) Counselling and suggestion scheme; (viii) Selection methods and procedures; (ix) Attitudes, training and development; (x) Job evaluationand performance appraisal; (xi) Labour economics; (xii) Supervisory responsibilities.

**4. Technical Knowledge and Skills :** Under this main area the following sub-areas may be included:

(i) Computer technology; (ii) PERT/CPM; (iii) Linear programming; (iv) Materials handling; (v) Inventory control; (vi) Adequate understanding of technology, products, processes.

**5. Personnel Skills :** It contains the following sub-areas :

(i) Speaking; (ii) Report writing; (iii) Conference leadership; (iv) Learning through listening; (v) Reading improvement.

**6. Economic, Social, and Political Environment :** It contains the following sub-areas :

(i) Business; (ii) Economic system; (iii) Relations with the state; (iv) Community relations; (v) Political systems; (vi) Legal framework of business; (vii) Social responsibilities of the corporation and business.

**Consideration on Administering a Management Development Programme :** While administering the programme, we should have to give the following considerations :

**1. Systematic Career Planning :** A Management Development Programme should support a systematic career planning for managerial personnel otherwise the frustrated trainees might seek opportunities elsewhere and the whole investment made in training programmes would go waste.

**2. Structured Course :** Management Development must follow a series of structured courses. There should also be an active interaction between the trainees and management.

**3. Indiscriminate Approach :** The training programme should cover as far as possible, every manager, capable of showing potential for growth. It should be free from discrimination. Peter Drucker pointed out that “the right men out of every ten who were not included in the programme will understandably feel slighted. They may end of by welcoming less effective, less productive, less willing to do new thing.

**4. Properly Planned :** The entire programme should be properly planned. The trainee should take part in it. An individual may stay out, but it should be made clear that he does so at some risk to his future promotion. The company should not normally allow any manager to opt out of a training programme.

**Essentials of Success of Management Development Programme (MDP) :**

The following are the essentials for the success of Management Development Programme (MDP) :

**1. Circulate the Materials to Participants :** The following materials should be distributed among the participants to make the programme more successful :

(a) News letter conveying information about corporate affairs;

(b) Copies of talks given by management personnel;

(c) Excerpts from well-written and informative articles;

(d) Copies of minutes of meeting distributed among those who were not present.

When these materials are discussed by a group, new plans and improved procedures will be formulated.

**2. Programme should be prepared well in advance :** The programme should be prepared well in advance and should contain decisions about instructional methods and development approaches to be used and have a provision of expertise and the necessary support system. It should be based on the policy of promoting a proper utilisation of trained executives, their knowledge and techniques in the improvement of the operations of an organisation.

**3. Training division should have smart and successful executives :** The training division should not be a dumping ground for people found to be unsuitable for other jobs; it should be

mannered by a group of smart and successful executives drawn from various functional areas and disciplines. A multi-disciplinary approach should be emphasised in training programmes rather than the purely personal flavour that is often found in them.

**4. Programme should be for all not the weak ones :** A management programme should not only be looked upon as something meant for the "limping horses" in the organisation; it should be for the "high fliers" as well. In view of knowledge explosion and the consequent threat of management obsolescence, such programmes should be meant for everyone in an organisation and not just for the weak ones.

**5. Management Development Programme (MDP) should be based on a definite strategy :** The MDP should be based on a definite strategy, which should spell out the type, coverage and objectives of the programme. The multitire supervisory and management development programme should start from the first line supervisor and go all the way up to the top management.

**6. Top Management should Accept Responsibility :** The top management should accept responsibility for getting the policy of development executed. To do so, a senior officer may be placed in-charge to initiate and implement the MDP.

**7. Management Development is a "Line Job" :** It is essentially a "line job". It takes place on the job and involves both the man and his boss.

**8. Selection of the Right Materials :** Management development starts with the selection of the right materials for managerial ranks. It is essential to ensure that really good material is led into the programme at the entry level.

**9. Realistic Time Table is Required :** There should be realistic time table in accordance with the needs of a company. This time table should take into account the needs for managerial personnel over a sufficiently long period and the resources which are available and which will be required.

**10. It should Fulfill the needs of the Company :** Management development must be geared to the needs of the company and the individual.

**11. Developing Managers is the Responsibility of All Managers :** Every manager must accept direct responsibility for developing managers under his control on the job, and a high priority should be given to his task.

Thus, for the development of management, it is essential for the top management to promote a culture for:

(i) learning and gaining knowledge
(ii) the quest of excellence
(iii) tolerance of mistakes
(iv) striving to maintain a balance and an equity
(v) the discovery of self and others; and
(vi) enabling a subordinate to become aware of his superiors' interest in his development and mental growth.

**Training Practices in India :**

Different types of training facilities available in India, are as follows :

**1. Worker's Training :** This type of training had become very popular after the world war II. But the real progress in the direction was made. The following types trainings are given to the workers in our country :

**(a) Apprentice Training At, 1961 :** During 1961 the Apprentice Training Act was passed. About 550 Industrial Training Institutes were opened. More than 300 centres were set up established for Apprenticeship Training. There is a Advanced Training Institute in Chennai and Kolkatta has the Central Staff Training and Research Institute. There is the Foreman Training Institute in Bangalore. The Director General of Employment and Training, Government of India had established Training Centres under Craftsman Training Scheme. The National Apprenticeship Training Scheme was extended to other industrial houses also.

Child Training Schemes were developed under Apprenticeship Scheme and now this has been extended to many new works.

**(b) Private Sector :** Normally the private sector has not introduced any formal training programme to its workers. But many business organisation have an induction programme to their new workers aimed at informing and educating them about the company, its products policies and management, etc. These programmes are generally conducted by their personnel department with the help of the supervisory staff. Now, may well-established private firms are conducting programmes in company based on their workers' needs and job requirements.

**(c) Public Sector Undertakings :** The public sector companies use their internal training facilities for training their non-supervisory employees. In some cases, employees are also encouraged to avail of the external training facilities. Sometimes they sponsor their candidature and meet the costs also. Some public sector organistions such as banks, insurance etc., have started well-organised training programme.

**2. Supervisors Training**

**(a) General Education :** Normally supervisors are recruited either by promotion from ranks or by direct recruitment. The latter is the more widely followed practice in our country. But promotion from ranks is more common in western countries. Illiteracy and poor educational background very much limit the possibility of promotion to supervisory jobs from the ranks in India. The problem of supervisory training has, therefore, to be talked at the root and in order to bridge the gap between the potentiality of a worker for supervisory work and the post itself the level of general education needs to be raised. Many organisation have successfully undertaken training of junior and senior hands in Mathematics, Elements of Sciences etc. through regular routine classes during working hours.

**(b) Training Institutes :** The Central Training Institute for Instructors ha san additional course meant for supervisors which covers meant for supervisors which covers non-technical subject such as leadership, foundations for good relations, handling of problems, induction of new entrants, effective communication, and so on. Some institutes of new entrants, effective communication, and so on. Some institutes particularly Small Industries Service Institute, NITE etc., organise short-term training programme for supervisors.

**(c) Training within Industry (TWI) :** Training Within Industry was formally introduced in India with the help of ILO experts. Many organisation, both in public and private sectors, have had persons trained by TWI Centre staff, so that they undertake supervisory training in their respective organisations. These programmes have had mixed results. The managements who have realised the importance of training for supervisors, and have not been led into complacency by the simplicity of TWI have obtained highly successful results and the programmes.

**3 Management Training :** The management training and development has attracted the greatest attention of both practicing managers and academicians in this field. this is due to the fact that management has every much lagged behind the imperative demand of the country. The major gap in the developing countries is managerial competence has to be homegrown to suit the ethos, temper and needs for our society.

There are two types of facilities for training development of practicing managers :

**(a) Business Organisation :** These organistions are employing managerial personnel to impart such training either through their own Management Training institutes or through organising lectures, instructors being their own line and staff

managers or faculty being taken from outside in some cases. These organisations recruit fresh management trainees. They are put through training process while working in the organisation, Hindustan Machine and Tools Ltd., Hindustan Steel Ltd., LIC, Commercial Banks, Fertilizer Corporations and many other organisations in public sector Hindustan lever Ltd. TISCO, Reliance Ltd. and others in private sector have their own Management Training Institutes.

**(b) Management Institutes :** There are many management institutes, associations and other bodies which organise short-term management development programmes. Prominent among these are Administrative Staff College, Hyderabad, IIMs., All India Management Association, and its local chapters, National Productivity Council, Indian Institute of Bank Management. Indian Institute of Personnel management, National Institute for Training in Industrial Engineering (NITIE). These bodies organised management development programmes ranging from 2 days to 12 weeks.

**Evaluation of Training Facilities :**

The preceding discussion shows that training and development facilities both for managers and operative staffs have developed considerably in India. In case of former, however, the facilities have increased manifold in a short period of about 20 years. This is in terms of management graduates being educated in the short-term management development programmes. We are constantly and steadily moving towards professional management. Old guards are changing their styles. They are changing to adopt new environment. Since independence, managers have developed themselves maximum. Somebody has rightly said that “There are very few success stories that can be told since the achievement of Indian Independence. If one among these exception is the record of the farmer, another is the story of the manager.

**Process of Designing a Training Programme :** Training programmes are costly propositions. They are time and energy consuming too. Hence, the training programmes should be framed with great care and caution. The following steps should be taken while developing a training programme. These steps usually involve a considerable amount of dialogue between personnel department professionals and other supervisors and managers. Ordinarily, the flows or sequences of these steps are approximately as follows but the various steps are independent and in some cases may be done simultaneously.

**1. Determining the need and Priorities for Training :** The very first step in designing a training programme is to determine the organisation’s need for such programme. It is from need

assessment that the entire training process will flow. If the organisation does not accurately determine its need, the training process will be in apropriately undertaken. Mc-Guhee and Thayer have recommended the following three-steps approach in order to determine training need :

**(a) Organisational Analysis :** This analysis basically determines where training emphasis shold be placed in the organisation.

**(b) Man Analysis :** It is used to determine who needs to be taining and what skills an dknowledge orattitudes should be augmented or improved.

**(c) Operational Analysist :** It assists to decide what the training should consist of, requiring a study of what a person should be taught if he is to perform his task with maximum effectiveness.

Some of the popular methods to assess the training needs of employees in a company include observation and analysis of job performance. In each company, the management should analyse organistation needs, job specifications and the present skill levels of the employees. The analysis of organisational needs should focus on the number of employees with various combinations of skills needed at each level and in every part of the firm for specific periods. Regarding job specifications, many organisations have written job specifications that define the skills needed for each job in the firm. By carefully examining these specifications, the human resources staff can obtain a clear idea of the nature of skills needed for each job. Then, an analysis of worker skills and qualifications from his personal file can assist in determining training needs. Similarly training needs can be assessed for a group of employees.

**2. Translating needs into Objectives and Establishing Training Goals :** Once the training needs have determined, the next important step is to translate the skills needed into specific training objectives or desired outcomes of training objectives. These training objectives or goals are then used to determine the specific courses that will be offered. Training objectives should include such matters as specific skills to be taught, the number of people to be trained and from which units, and the period within which such training should take place. Objectives for training programme that do not relate directly to specific job skills should also be considered for example, employee health and safety guidelines, promotion opportunities and self-study opportunities. Training objectives include the general content of the training to be given. The most frequently adopted objectives or training subjects by the companies are : new employee orientation, performance appraisal, leadership, selection process, interpersonal skills, word processing, new equipment operation, team building, delegation skills, and listening skills. Sometimes, orientation regarding

company policy and practices can be particularly important, especially for new employers.

**3. Selecting Trainees :** Selecting individuals or groups for training is a very complex decision for the firm and the individuals chosen. From the firm's perspective, providing the right training to the right people can help to create and maintain a well-trained and stable work force. To impart training for individuals with limited performance partial or lack of interest is simply a waste of time, effort, and money. Overlooking individuals with ambition and potential represents a lost opportunity and can contribute to higher employee turnover. It should be assumed that ambition and potential are widespread in the firm and exist at all age levels. There are at least four important considerations important in selecting trainee : (i) legal requirements and formalities (ii) employee needs and motivation (iii) skills obsolescence and retraining, and (iv) multi-skilling. Employee needs and motivation can be determined with the help of previous performance evaluations as well as interviews performance evaluations as well as interviews with individual employees and owner supervisors. The rapidly change in technology is requiring that all segments of the society give higher priority to worker retraining. This also means that individual workers themselves must seek out training opportunities to avoid having their skills become obsolete. Similarly, numerous companies have moved in the direction of training their employees to have multiple skills, called multi-skilling. In particular, multi-skilling is relevant where self-managed teams are utilised. Everyone is encouraged to learn all of the jobs of the team and employees are usually paid according to the number of skills that they have developed.

**4. Making the Curriculum and Choosing Training Methods** After *-deeming* training objectives and translating into specific course areas, the trainees are identified and evaluated, management will be in a position to decide the overall curriculum, *i.e.,* the arrangement of courses to be offered. The curriculum is a sort of grand plan of what training is to be presented and with what frequency. However, a part which must be added to this grand plan is the matter of training methods. Will the training be on the job, off the job, prior to employment, or prior to a formal assignment ? Will it be done by lecture computer assisted, or carried out by some other method ? Will it be long-term or short-term ?

**5. Preparation of training budget** Preparing a training budget will be an interactive process with the other steps in formulating a training program. Budget constraints may limit the human resource manager's alternatives and must, therefore, considered during all phases of the development process. Costs that must be included in the training budget are : staff planning time, trainees' wages,

trainers' salary, and expenses such as cost of training materials, travels, accommodations, and meals. If the desired training programme does not fit within budget constraints, the human resource manager must consider modification such as fewer trainees, different trainees, different training techniques, and a different training location.

**6. Selecting trainers and providing training to trainers.** An effective training programme can be developed only when effective trainers are available. Firms have the option of using staff trainers or of seeking contract trainers outside, or of having both, types'of trainers.'Staff trainers' may be full-time specialists on the p^y,;rblt [4]of^organisation or may be part-time trainers. After their selection, they must be provided with the information regarding the persons who are to be strained. The trainers should be engaged after careful evalutlon of their suitability and effectiveness so as to ensure quality training.

**7. Using selected training technique.** To conduct the training is a significant aspect of training process. Under this step, the trainers speaks, demonstrate, and illustrates in order to put over the new knowledge, skills, and operations. Besides, he suggests the trainee to be at ease, without any stress and strain, and explains to him the necessity of the training programme and creation of trainee's personal interest in training. The trainer tells the sequence of the entire job, the need for each step in the job, the relationship of the job to the total work-flow, the nature of interpersonal behaviour required at the job, and so on. All key points should be covered and emphasised. Audio-visual aids should be used to demonstrate and illustrate. To ensure follow-up by the trainee, he should be asked to repeat the operations, and encouraged to ask questions for further classifications and understanding.

**8. Performance or learning tryout** As the training continues, it, is important that the progress of trainees should be monitored. This may be accomplished by periodic skill or knowledge tests or periodic assessments by the personnel department. The trainee may be asked to do the job several times. His mistakes, if any, are corrected and complicated steps should be explained again. As soon as the trainee demonstrates that he can do the job rightly, he is put at his own job and the training is said to be over.

**9. Evaluation system of training programme.** In order to generate adequate feedback, some key purposes of conducting this evaluation are :
(i) Determining whether a programme meets its objectives or goals.
(ii) Identify strengths and weaknesses in the training process.
(iii) Calculate the cost-benefit ratio of a programme.
(iv) Determine who benefited the most from a programme and why

(v) Establish a data base for futher decision about the programme.

Training programmes can be evaluated with a variety of methods. The most popular method involves analysis questionnaires filled out by the trainees either at the end of the training session or within a few weeks. Although in some situations employees can accurately evaluate the quality of the training programme, in other situations their subsequent performance or degree of improvement is a more valid measure. After specific performance measurement, the results are compared with the objectives for the training programme. If the training objectives have been met, the training is said to be successful.

## METHODS OF TRAINING

The following methods are generally used to provide training :

**On-the-Job Training Methods :** This type of training is imparted on the job and at the work place where the employee is expected to perform his duties. It enables the worker to get training under the same working conditions and environment and with the same materials, machines and equipments that he will be using ultimately after completing the training. This follows the most effective methods of training the operative personnel and generally used in most of the individual undertaking.

**1. On Specific Job :** On the job training methods is used to provide training for a specific job such a electrician moror mechanic pluming etc.

**(a) Experience :** This is the oldest method of on-the-job training. Learning by experience cannot and should not be eliminated as a method of development, though as a sole approach, it is a wasteful, time consuming and inefficient. In some cases, this method bas proved to be very efficient though it should be followed by other training methods to make it more meaningful.

**(b) Coaching :** On-the-Job coaching by the superior is an important and potentially effective approach is superior. The technique involves direct personnel instruction and guidance, usually with extensive demonstration.

**2. Job Rotation :** The major objective of job rotation training is the broadening of the background of trainee in the organisation. If trainee is rotated periodically from one job to another job, he acquires a general background. The main advantages are : it provides a general background to the trainee, training take place in actual situation, competition can be stimulated among the rotating

trainees, and it stimulates a more co-operative attitude by exposing a man to other fellow problem and view-points.

**3. Special Projects :** This is a very flexible training device. The trainee may be asked to perform special assignment, thereby he learns the work procedure. Sometime a task-force is created consisting of a number of trainees representing different functions in the organisation.

**4. Apprenticeship :** Under this method, the trainee is placed under a qualified supervisor or instructor for a long period of time depending upon the job and skill required. Wages paid to the trainee are much less than those paid to qualified workers. This type of training is suitable in profession, trades, crafts and technical areas like fitter, turner, electrician, welders, carpenters etc.

**5. Vestibule Training :** Under this method, actual work conditions are created in a class room or a workshop. The machines, materials and tools under this method is same as those used in actual performance in the factory. This method gives more importance to learning process rather than production.

**6. Multiple Management :** Multiple management emphasizes the use of committies to increase the flow of ideas from less experience managers and to train them for positions of greater responsibility. The McCormick & Company of Baltimore, U .S.A. developed the programme. The company claims that the plan has increased employee efficiency, reduced labour turnover and absenteeism, and enabled the company to pay higher wages than those prevailing in the area and industry. In this method; a junior board authorized to discuss any problem that the senior board may discuss, and its members are encouraged to put their mind to work on the business a whole, rather than too concentrate to their specialized areas.

**Off-the-job Training Methods**

Following are the off the job training techniques :

**1. Special Courses and Lectures :** Lecturing is the most traditional form of formal training method Special courses and lectures can be established by business organizations in numerous ways as a part of their development programmes. First, there are courses, which the eorganizations themselves establish to be taught by members of the organizations. Some organizations have regular instructors assigned to their training and development such as Tata and Hindustan Lever in private sector; Life Insurance Corporation. State Bank of India and other nationalized commercial banks, Reserve Bank, Hindustan Steel, Fertilizer Corporation and many others in public sector. A second approach to special courses

and lectures is for organizations to work with universities or institutes in establishing a course or series of course to be taught by instructors by these institutes. A third approach is for the organizations to send personnel to programmes established by the universities, institutes and other bodies. Such courses are organized for a short period ranging from 2-3 days to a few weeks.

**2. Conferences :** This is also an old method, but still a favorite training method. In order to escape the limitations of straight lecturing many organizations have adopted guided, discussion type of conferences in their training programmes. In this method, the participants pools, their ideas and experience in attempting to arrive at improved methods of dealing with the problems, which are common subject of discussion; Conferences may include buzz sessions that divide conferences into small groups of four or five intensive discussion. These small groups then report back to the whole conference with their conclusions or questions. Conference method allows the trainees to look at the problem from a prouder angle.

**3. Case Studies :** This technique, which has been developed, popularized by the Harvard Business School, U.S.A is one of the most common form of training. A case is a written account of a trained reporter of analyst seeking to describe an actual situation. Some causes are merely illustrative; others are detailed and comprehensive demanding extensive and intensive analytical ability. Cases are widely used in variety of programmes. This method increases the trainee's power of observation, helping him to ask better questions and to look for broader range of problems.

**4. Brainstorming :** This is the method of stimulating trainees to creative thinking This approach developed by Alex Osborn seeks to reduce inhibiting forces by providing for a maximum of group participation and a minimum of criticism. A problem is posed and ideas are invited. Quantity rather quality is the primary objective. Ideas are encouraged and criticism of any idea is discouraged. Chain reactions from idea to idea often develop. Later these ideas are critically examined. There is no trainer in brainstorming and it has been found that the introduction of known eports into it will reduce the originality and practicability of the group contribution, Brainstorming frankly favours divergence, and his fact may be explain why brainstorming is so little used as yet in developing countries where no solutions ought to carry the highest premium.

**5. Laboratory Training :** Laboratory training adds to conventional training by providing situations in which the trains themselves experience through their own interaction some of the conditions they are talking about. In this way, they more or less experiment on themselves. Laboratory training is more concerned

about changing individual behaviour and attitude. There are two methods of laboratory training: simulation and sensitivity training.

**(a) Simulation :** An increasing popular technique of management development is simulation of performance. In this method, instead of taking participants into the field, the field can be simulated in the training session itself Simulation is the presentation of real situation of organisation in the training session. It covers situations of varying complexities and roles for the participants. It creates a whole field organisation, relates participants, through key roles in it, and has them deal with specific situations of a kind they encounter in real life. There are two common simulation methods of training : role-playing is one and business game is the other.

**(i) Role-playing :** Role-playing is a laboratory method, which can be used rather easily as a supplement of conventional training methods. Its purpose is to increase the trainee's skill in dealing with other people. One of its greatest use, in connection with human relations training, but it is also used in sales training as well. It is spontaneous acting of a realistic situation involving two or more persons, under classroom situations. Dialogue spontaneously grows out of the situation, as the trainees assigned to it develop it. Other trainees in the group serve as observers or critics. Since people take rules even day, they are somewhat experienced in the art, and with, a certain amount of imagination they can project themselves into roles other than their own. Since a manager is regularly acting roles in his relationship with other it is essential for him to have role awareness and to do role thinking so that they can size up each size up each relationship and develop the most effective interaction position.

**(ii) Gaming :** Gaming has been devised to simulate the problems of running a company or even a particular department. It has been used for a variety of training objectives from investment strategy, collective bargaining techniques to the morale of clerical personnel. It has been used at all the levels, from the executives for the production supervisors. Gaming is a laboratory method in which role-playing exists but its difference is that it focuses attention on administrative problems, while role-playing tend to emphasis mostly feeling and tone between people in interaction. Gaming involves several terms, each of which given a firm to operate for a number of periods. Usually the periods is short one year or so. In each period, each-team makes decisions on various matters such as fixation of price, level of production inventory level, and so forth.

Since each team is competing with others, each firm's decisions win affect the results of all others. All the firm's decisions

are fed into a computer, which is programmed to bebave somewhat like a real market.

**(b) Sensitivity Training :** Sensitivity training is the most controversial laboratory training method. Many of its advocates have an almost religious zeal in their enhancement with the training group experience. Some of its critics match this favour in their attacks on the technique. As a result of criticism and experience, a somewhat revised approach, often described as 'team development' training. has appeared. National Training Laboratories at Bethel U.S.A. The training groups themselves called 'T GROUP' first used it. Since then its use has been extended to other organizations, universities and institutes.

Training is essential for the smooth, economic, timely and efficient production, work or service in any organisation. To get work accomplished well from a worker or employee, it is a must that he is given proper training in methods of work. Training is the organized producer by which people learn knowledge and skill for a definite purpose management can't make a choice as between 'training' or 'no training'. On the other hand, it is a must. The only choice lies in the method of training.

**Induction Training**

The introduction of the new employee to the job is known as induction. It is the process by which new employees are introduced to the practices, policies and purposes of the organisation. Induction follows placement and consists of the task of orienting or introducing the new employee to the company, its policy and its position in the economy. Induction literally means helping the worker to get or with his own environment. After an employee is assigned his job, it is necessary to introduce him to his job situation, his associates in the job and the overall policies of the company. The induction stage demands great care because the first impression made on the mind of the employee is very critical in the employment life and the treatment he receives during the early days on the new job helps him to form an opinion about his employer and the company.

An induction process properly designed should serve the following purposes :

(a) to help the newcomer to overcome his natural shyness, any nervousness he may experience in meeting new people in the new environment;

(b) to integrate the new employee into the organisation and develop a sense of belonging which is a strong motivational force;

(c) to supply information about the nature for workforce, conditions of service and welfare facilities

**Training requirement for different types of employees**

Employees at different levels require training. Unskilled workers squire training in improved methods of handling machines and materials to reduce the cost of production and waste and to do the job in the most economical way. Such employees are given training on the job itself and the training is imparted by their immediate superior officers, sardars or foremen. The training period ranges from 3 weeks to 6 weeks.

Semi-skilled workers require to cope with the requirements of an industry arising out of the adoption of mechanization, rationalization and technical processes. These employees are given training either in their own sections or departments, or in segregated training shops where machines and other facilities are easily available. The trainings is usually imparted by the more proficient, workers, bosses or inspectors, and lasts for few hours or a week, depending upon the number of operations, and the speed and accuracy required on a job. Training methods include instruction in several semi-skilled operations because training in one operation only creates difficulties in adjustments to new conditions, lends the colour of specialisation to a job and makes work somewhat monotonous for an individual.

Skilled workers are given training through the system of, apprenticeship, which varies in duration from a year to three or five years. Craft training is imparted in training centres and the industry itself.

Other employees : Besides the above types of employees, others – typists, stenographers, accounts clerks and those who handle computers – need training in their particular fields; but such training is usually provided outside an industry.

Salesmen are given training so that they may know the nature and quality of the products and the routine involved in putting through deal; they are trained in the-art of salesmanship, audio handling customers and meeting their challenges.

The supervisory staff need training most for they form a very important link in the Chain of administration. The training programmes, for supervisors must be tailor-made to fit the needs of an undertaking. Their training enables supervisor to cope with the increasing demands, of the enterprise in which they are employed and to develop team spirit. Supervisory training aims at :

(i) Helping the present supervisors to improve their performance;

(ii) Helping them to prepare for greater responsibilities of the higher levels of management;

(iii) Building, up the security and status of supervisors; and ‘.

(iv) Ensuring their technical competence with a view to enabling them to know and understand all about the processes and operations in which their workers participate.

## TECHNIQUES OF EVALUATION OF TRAINING

Several techniques of evaluation are being used in organisations. One approach towards evaluation is to use experimental and control groups. Each group is randomly selected, one to receive training (experimental) and the other not to receive training (control).

The random selection helps to assure the formation of groups quite similar to each other. Measures are taken of the relevant indicators of success (e.g. words typed per minute, quality pieces produced per hour, wires attached per minute) before and after training for both groups. If the gains demonstrated by the experimental group are better than those by the control group, the training programme is labelled as successful.

Another method of training evaluation involves longitudinal or time-series analysis. Measurements are taken before the programme begins and are continued during and after the programme is completed. These results are plotted on a graph to determine whether changes have occurred and remain as a result of the training effort. To further validate that change has occurred as a result of training and not due to some other variable, a control group may be included.

One simple method of evaluation is to send a questionnaire to the trainees after the completion of the programme to obtain their opinions about the programme’s worth. Their opinions could also be obtained through interviews. A variation of this method is to measure the knowledge and/or skills that employees possess at the commencement and completion of training. If the measurement reveals that the results after training are satisfactory, then the training may be taken as successful.

In order to conduct a thorough evaluation of a training programme, it is important to assess the costs and benefits associated with the programme. This is it difficult task, but· is useful in convincing the management about the useful-ness of training.

**Executive Development**

The stages involved in a management development programme are: ‘

(i) Organizational Planning, to determine, the company’s present and future needs;

(ii) Managerial appraisal, to evaluate periodically the abilities and performance of individuals with a view to identifying managers showing a promise of further development and meeting their training needs;

(iii) Programme targeting, to focus the company’s effects on the most pertinent areas;

(iv) Ascertaining key positions requirements to stress the basic requirements of particular managerial positions;

(v) Replacement of skills inventories, to indicate persons qualified for managerial replacements;

(vi) Planning individual development programmes, to provide specified development programmes for promising managers; and

(vii) Appraising existing programmes, to’ ascertain areas of improvement to be incorporated in future programmes.

Since the object of management development is to influence and modify the behavior of the managers in operation, it is necessary that in framing a management development programme for specified managerial group, the following points should be involved.

(1) The programme must take care to throw impulses into-the system in a manner that generates the urge to behaviour changes from within the trainee manager by the process of evolving rather than an imposition from outside.

(2) Identify the pattern of behaviour of which the programme is aimed at which it seeks to influence and modify.

(3) Identify the nature of the exposure-the impulses that must be introduced into the system-through the development programme, which will touch the springs of motives and responses modifying the behaviour in the desired direction.

**Need for Induction of New Employees**

The new employee may have some difficulty in settling down to his new job and in developing a sense of belonging. He can easily adjust himself to his new job if he is given a clear explanation of the work of the department to which he is attached. This introduction of the employee to the job is known as induction.

Purpose and Need for Induction

The purpose of induction and orientation is to help the new employee and the organization to accommodate each other. Included in this process may be financial assistances for expenses of travel filling out of pay roll and other forms, introduction to colleagues and explanation of the policies and practices of the organization, many other factors which serve to integrate the new employee into the enterprise.

The need for security, belonging, esteem and knowledge is met through proper induction and orientation. Haphazard procedures, casual greetings, and lack of information can precipitate anxiety, discouragement, disillusionment or defensive behavior, including quitting. A successful induction is that which reduces the anxiety of the new employee. Therefore, such methods which bring this about are explained to company workers.

Any neglect in the area of induction and orientation may lead to labour turnover, confusion and wasted time and expenditure.

**Orientation is generally provided on the following :**

(i) The significance of the job with all necessary information about it including job training and job hazards.

(ii) The company, its history and products, process of production and major operations involves in his job;

(iii) Structure of the organization - the geography of the plant and functions of the various departments.

(iv) Employees' own department and job and how they fit into the organization;

(v) Many programmes include follow-up interviews at the end of 3 or 6 months with a view to finding out how the new employee is getting along;

(vi) Relations between foremen and personnel department;

(vii) Company policies, practices, objectives and regulations;

(viii) Personnel policy and sources of information;

(ix) Terms and conditions of service, amenities and welfare facilities;

(x) Rules land regulations governing hours of work and overtime, safety and accidents prevention, holidays and vacations, method of reporting, tardiness and absenteeism;

(xi) Grievance procedure and discipline handling;

(xii) Social benefits (insurance, incentive plans, pensions, gratuities, etc.) and recreation services, athletic, social and culture activities) and

(xiii) Opportunities, promotions, transfers, suggestion schemes and job stabilisation.

Verbal explanations at interview are supplemented by a wide variety of printed material, employee handbooks, house journal, picture stories, comics and cartoons, pamphlets, etc., along with short study tours around the plant on the above matters.

Techniques of Induction Programme

An Induction programme consists primarily of three steps:

(a) General orientation by the staff – the personnel department;

(b) Specific orientation by the job supervisor, or his representative;

(c) Follow-up orientation by either the personnel department or supervisor.

The first phase of the programme is ordinarily conducted by the personnel department. This type of induction is general for it gives the necessary information about the history and operations of the firm - *the purpose which is to help an employee to build up some pride and interest in the organization.* Information is also given on specific employee services, such as pension, health and welfare plans, safety programmes, etc.

At the second stage, induction is conducted by the job supervisor. *Induction is specific and requires skill on the part of the for men.* The employee is shown the department and his place of work, introduced to other employee, informed of the location of the bathrooms, lavatories, canteens, and time clock; and told about the organization's specific practices and customs (such as whether the personnel bring their lunch or whether lunch is supplied to them at concessional rates, the timings and length of rest periods, the work

dress etc.). *The purpose of specific induction is to* enable an employee to adjust himself with his work and environment.

Follow-up induction takes place sometime within one week to six months from the time of the initial hiring and orientation. It conducted either by a foreman or a specialist. The employee may be asked whether his hours of work and pay are as represented to him before employment; how he feels about his fellow-workers; how he feels about his boss; and whether he has any suggestion to make for changes in the induction procedure or in other company practices. The interviewer records the answers as well as his own comments on the employees' progress. At the same time, the line supervisor completes an evaluation of the employee, indicating his strong and weak points, indicating also whether he is doing well.

**Questions :**

1. Define Training and Development. What are the differences between training and development?

2. Examine the nature of training and development. What does training include? Also examine the difference between Training, Education and Development

3. Examine the objectives, need and purpose of training.

4. Discuss the importance of Training and Development, in the light of its benefits for an organisation.

5. How Training Benefits the Organisation?

6. What can be the subject matter of Management Development Programme (MDP) ?

7. What consideration should be given to administer a Management Development Programme (MDP)?

8. What are the requisites for the success of Management Development Programmes (MDP)?

9. Elaborate on the different methods that are generally used for the training of employees.

10. Write a short note on induction training.

11. Examine the training requirement for different types of employees in an organisation.

12. Examine the main techniques of evaluation of training of employees.

13. Explain the process of executive development.

14. Explain the purpose and need for induction of new employees. Also explain the techniques of an induction programme.

15. Write a detail note on Training Practice in India

16. What is the process of Designing Training Programme?

17. What procedure is adopted while developing a Training Programme?

❖❖❖

# 8

# SUCCESSION PLANNING

## OBJECTIVE OF THE UNIT

After the completion of the unit the student will be able to :

**a.** Understand the concept of succession planning

**b.** Know the time framework applied in succession planning

**c.** Comprehensively understand the elements

**d.** Explore the issues and generalize solutions

## INTRODUCTION

Survival, growth and efficient continous existence of an organization requires a succession of people to fill various important jobs. **The purpose of succession planning is to identify, develop and make the people ready to occupy higher level jobs as and when they fall vacant.** Higher level jobs fall vacant due to various reasons like retirement, resignation, promotion, death, creation of new position and new assignments.

Succession may be from internal employees or external people. Succession from internal employees is advantageous to the organization as well as to the internal employees. Organization can buy the employees loyalty and commitment, belongingness, shared feeling of development along with the organization by promoting the internal employees. Employees get the benefits of growth in the

organization. The organization mostly prefer to encourage the growth and development of its employees and as such tend to prefer succession from within.

Organizations, appraise employees potentialities, identify training gaps for future vacancies, develop them for higher and varied jobs. The scope of succession plan would be more when the organization grows steadily and employees have potentialities to take up higher responsibilities.

Professionally run organizations ask their managers to identify the internal employees having potentialities and develop them in order to occupy their positions as and when they fall vacant

However, it is necessary to allow the inflow of new blood also. Hence, organizations should also search for outside talent in certain cases like when competent internal people are not available, when major expansion, diversification and growth plans are in offing, complete dependence on either internal source or external source is not advisable to any organization. Hence, a judicial balance between these two sources should be maintained.

## MEANING AND PURPOSE OF SUCCESSION PLANNING

Succession Planning is “The process of ensuring a suitable supply of successors for current and future senior or key jobs arising from business strategy, so that the careers of individuals can be planned and managed to optimize the organizations needs and the individuals aspirations.

**PURPOSE OF SUCCESSION PLANNING** is to identify and develop people to replace current jobholders in key positions. Through Succession Planning, companies assure a steady flow of internal talent to fill important vacancies. Succession Planning encourages ‘ *hiring from within’* and creates a healthy environment where employees have careers and not merely jobs. It helps in identifying human resources shortages and skill shortages before openings occur. Thereafter, it becomes easy to groom qualified candidates for future vacancies. The organization is thus assured of continuity of operations and better qualified incumbents.

The absence of a Succession Plan can seriously hamper the growth prospects of an organization. Imagine the disastrous consequences when there is a sudden vacuum at the top level. There is no one to see the ship. Critical plans needing immediate action get postponed. The organization remains headless and directionless for a while. Suitable candidates may not be available internally, as no one has been groomed in the past, keeping such

an eventuality in mind. Bringing in outsiders may mitigate the crisis temporarily but the long term impact is bound to be negative. Internal forces may start a rebellion and creating of war situations with frustrating regularity.

Preparing a schedule for Succession is critical to the success of a company, especially at the top levet when the baton changes over a period of time, disruption and dislocation are minimized. Indeed when a new CEO is meant to consolidate on past successes, a slow shift is ideal. If qualified candidates are not available within the company, outsiders can be considered readily for possible openings. Complete dependence on Succession from within or from outside is not desirable. Internal candidates require a *'pat on the back'* when they do well. External candidates are needed for injecting fresh blood into the company

**REPLACEMENT CHARTS**

A Succession Plan is a plan for identifying who is currently in post and who is available and qualified to take over in the event of retirement, voluntary retirement, dismissal or sickness. A typical Succession Chart shows details of key positions of executives and brief references to their possible successors. The replacement chart is a visual representation of who will replace whom if there is a job opening.

## TIME FRAME

Right person for the right job, at the right place and right time implies the time frame of succession planning. Time frame is applied for mentoring, training and job rotation. As the process of succession planning is to find right person within the internal frame work, there are possibilities when no internal candidate is available, so here the management uses succession planning to recruit a person from outside. Within the organization the top level authorities keep supervising and training their subordinates for promoting them to higher post applying succession planning effectively.

## ELEMENTS OF SUCCESSION PLANNING

### 1. Management Succession Planning

In organizational development, **succession planning** is the process of identifying and preparing suitable employees through mentoring, training and job rotation, to replace key players such as the chief executive officer (CEO) within and as their terms expire. From the risk management aspect, provisions are made in case no suitable internal candidates are available to replace the loss of any key person. It is usual for an organization to insure the key person

so that funds are available if she or he dies and these funds can be used by the business to cope with the problems before a suitable replacement is found or developed.

Succession Planning involves having senior executives periodically review their top executives and those in the next lower level to determine several backups for each senior position. This is important because it often takes years of grooming to develop effective senior managers. There is a critical shortage in companies of middle and top leaders for the next five years. Organizations will need to create pools of candidates with high leadership potential.
A careful and considered plan of action ensures the least possible disruption to the person's responsibilities and therefore the organization's effectiveness. Examples include such a person who is:

- suddenly and unexpectedly unable or unwilling to continue their role within the organization;
- accepting an approach from another organization or external opportunity which will terminate or lessen their value to the current organization;
- indicating the conclusion of a contract or time-limited project; or
- moving to another position and different set of responsibilities within the organization.

A succession plan clearly sets out the factors to be taken into account and the process to be followed in relation to retaining or replacing the person.

**2. Business Succession Planning**
Business succession planning involves planning for the smooth continuation and success of a business which depends greatly on the availability of competent people. Be it profit or non-profit organization, one of the concerns is there may be no successor to drive it once the leader or key person leaves – either by choice or by circumstances. This concern has been repeatedly expressed in the papers by leaders from the private and government sector. It is people, or more aptly, the right people, that make things happen. But the music will stop one day! If the leader or key person does not retire (whether by old age, disability or choice) he will end his time of service when he dies. And when they do, problems often set in. The day after is often filled with chaos and uncertainty.

What is likely to happen to the organization when a key leader is eliminated without succession planning in place? Here are some things to expect. First, there would be either no able successor or where there is, the successor is often either unprepared to handle the heavy responsibilities placed upon them or he/she simply does not have the ability to manage the organization in the way it used to

be. Whatever the case may turn out to be, the situation can be dire for the organization. Profit may be lost. Business can become untenable to continue. In the case of the unplanned death of an owner, the remaining co-owners and the heirs may be embroiled in a relationship crisis that threatens to wreck the business.

In an unplanned situation, ineffective quick-fixed solutions are the only answers left. If no able successor can be found, a temporary replacement is often the only choice left, and the ultimate result may still be the downfall of the organization. It is difficult enough to run an organization with experience and ability. Without the requisite qualities in the new leader, the rot of the organization is almost likely to set in immediately; unless it is lucky to have a replacement who happens to be suitable and motivated. If not, an unmotivated successor is equally bad news for the set-up. Without the drive, the organization will stay stagnant and more than likely, to slide.

Without succession planning, a business that has become successful can just as easily fall. The business grows because there is a leader (probably the owner) with experience, drive and ability. Without proper succession planning, the future success of the business is left to chance once that leader is gone. Under such a circumstance, if it succeeds at all, it is by default rather than planned. That is not all. The passing of the baton from one generation to the next is often clouded by the stakeholders' differing views and agendas. Without proper planning, the clashes of views and agendas can pull the business in several directions and this may wreck an otherwise viable business.

With so much at stake, business succession planning has to be a priority and should be part of every business planning. There are two main options available to business succession planning, which are:

1. Retention Planning: Retention of the business within the family circle; and
2. Buy-sell Planning: Selling of the establishment to other business owners or key employees or interested outsiders.

It is a norm in many parts of Asia that succession planning is a sensitive issue to discuss amongst partners or shareholders. This is despite the fact that a successful transition minimizes disruption, ensures continuous profitability and guarantee satisfactory returns to the partners and shareholders.

TODAY..... Good joint management and effort among business shareholders have built a successful and profitable business. The

business shareholder and his family enjoy a comfortable livelihood and good lifestyle.

TOMORROW..... Suddenly, unexpectedly, a key shareholder dies and the business is disrupted instantly. What will be the outcome of the shareholders' business interest and his family's livelihood and lifestyle?

FUTURE..... The surviving shareholder and the deceased shareholder's family face a critical decision. What are the options available to the surviving shareholders and the deceased shareholder's family?

What are the options available after the event has happened?
• The heirs become active in the business - Do they have the experience, skills and expertise to manage the business and be an asset to the company?

The deceased's share is sold to an outsider. The heirs keep their share as inactive shareholders - Can the surviving shareholders accept this arrangement with the extra input of effort and yet share equally in the profits?

• The deceased shareholder's share is sold to surviving shareholders - Will the surviving shareholders be able to raise the necessary cash for this transaction?

An Ideal solution for all concerned could be...(action plan)
Proper business continuation and succession planning can help prevent a business from being frozen and discontinued. It also helps avoid conflict among family member and between heirs and surviving owners.

**Family Business Succession Planning**
Due to the complexities surrounding the transfer of ownership of family businesses from one generation to another, specific resources have been developed for family business owners planning for this transition. Among these resources is the McCabe Arch which is a visualization and planning tool for the American business owner. It offers practical solutions for planning the orderly consumption and distribution of financial and emotional wealth.

The process, like the construction of an arch, begins with two solid cornerstones, the business owner who is willing to plan for his or her eventual departure from the business, and the willing successor.

However, the unique aspect of an arch was that we continually build it from two sides. For a succession planning model to work,

we needed commitment from the owner and the protégé. It was imperative that both sides complete their assignments with the ultimate goal of the finding—and resolving—the key issues that were represented by the various blocks. -Harry McCabe (Author of Pass It On: The Entrepreneur's Succession Planning book)

Each building block on each side of the arch represents a step in the 7 Steps to Succession, which provides a time table and road map for Family Business Succession Plans.

## ISSUES IN SUCCESSION PLANNING AND SOLUTIONS

1. There is a compelling argument that gifting family businesses to the next generation destroys businesses and family relationships. When family members purchase shares in a family business they are required to assess their own skills and ability to generate wealth from the business. Families that skip this step, families that gift ownership encourage children to work in and often lead family businesses for all the wrong reasons.

2. If the employees retire or exit for other reasons, the ethos and dynamics of the business will inevitably change. If the value of the business is to be maintained or enhanced, it is imperative that these changes are carefully controlled.

The first step is to formally decide precisely what difference their departure will make. If the retiring directors/managers were responsible for sales dynamism, strict financial control, key account customer loyalty or engineering innovation, for example, these are the critical skill gaps which will need to be seemlessly filled.

3. The assumption is companies will need to recruit externally to fill operational gaps arising as they undergo change. This is not necessarily the case.

4. External HR professionals can be brought in to work as change managers. They can identify current or anticipated gaps in managers' range of skills and employees' competencies and then develop the most cost efficient ways to fill these gaps.

But there is more to succession planning. Rather than just being a way of averting the dangers of a foreseeable motivational and

anagement vacuum, it can be an opportunity to refresh, revitalise or reposition a staid enterprise in a rapidly changing world.

5. Businesses can move forward by optimising the contribution of their existing management, staff and workforce. It is highly likely existing personnel will have undiscovered capabilities and talents. But the fact these attributes have not become apparent in their existing roles is probably more to do with habit and complacency than a failure to invest in employee development. It might be the case they have simply not been invited to extend themselves in an unfamiliar direction or take on wider responsibilities. It is definitely the case that uncovering unsung talent in existing staff is less costly than recruiting and introducing new personnel.

6. Job rotations can sometimes reveal these hidden reservoirs of ability. Perhaps someone on your sales force has the potential to become an outstanding marketer perhaps someone from your shop floor or office has the potential to be an outstanding sales generator. An operative might have innate interpersonal skills which earmark him or her for development into line management.

7. In some instances, the skills shortfalls can be filled by job rotation. Skills shortfalls in one department can be overcome by importing them from another where a competent individual's ability is being under-utilised. There are huge savings to be made by offering coaching, mentoring or further job training to existing staff.

## SUMMARY

Succession Planning is concerned with the preparing people to fill up successive jobs. The purpose of succession planning is to develop people to replace current incumbents in key positions for a variety of such reasons as : superannuation, resignation, promotion, growth, diversification, creation of new positions, etc.

Succession Planning focuses on preparing people to fill execution positions. Succession planning is concerned with the examining development needs of a firm’s strategic plans. Informally, it means high-level managers indentifying and developing their own replacements. The employees having managerial attitude and potential may be considered for development programme that will help prepare them for the executive jobs.

**Questions**

1. What is Succession Planning ? How do the organizations plan for the succession of the employees
2. Explain the issues involved in the implementation of Succession Planning ? Can they be resolved ? Give Examples.
3. Discuss the various elements of succession planning ? Is there any mechanism of justifying the elements applied in the process of succession planning ?
4. Do the Indian Business Houses apply succession planning as the core system to achieve the target of growth, expansion and diversification ? Explain giving examples.

# 9

# EMPLOYEE HEALTH AND SAFETY

## OBJECTIVE OF THE UNIT

After the completion of the unit the student will be able to :

1. Understand the concept of health and safety
2. Know the safety measures applied and to make students understand the importance of human resources
3. Understand how to manage stress and nurture good physical and mental health
4. Understand What Employee Welfare and team spirit is

## INTRODUCTION

Since large number of employees spend great deal of their time in work place, their work environment is not always good for their healthy life. Stress, Strains, Mental and Psychological Conditions, Poor working conditions, Long hours of work, Poor ventilation, Insanitation, Malnutrition etc spoil their health. Efficiency in work place is possible only when an employee is healthy on the other hand industry exposes workers to certain hazards which affect his heaith. The symptoms of bad health are high rate of absenteeism and turnover, industrial discontent and indiscipline, poor performance and low productivity. Modern industry is characterized by complicated mechanisms, intricate job requirements, and fast moving production lines. One of the important consequences of all this is increased dangers to human life, through accidents. To avoid

this safety programmes like industrial health programmes are introduced, both for employers and employees benefit.

## MEANING AND DEFINITION OF HEALTH

The W.H.O has defined health as “a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.”

Industrial health refers to a system of public health and preventive medicine which is applicable to industrial concerns.

According to the joint I.L.O/W.H.O Committee on Organisational Health, industrial health is:

i) the prevention and maintenance of physical, mental and social well-being of workers in all occupations
ii) prevention among workers of ill-health caused by the working conditions
iii) Protection of workers in their employment from risks resulting from factors adverse to health, and
iv) Placing and maintenance of the worker in an occupational environment adapted to his physical and psychological equipment.

## PHYSICAL HEALTH AND MENTAL HEALTH

Physical health implies prevention of disease or health conservation and prevention of occupational disease. Health is the outcome of the interaction between the individual and his environment. Health not only depends on the employee but also on the environment. Efficiency in work is possible when the worker is healthy physically and mentally.

Industries exposes employees to certain hazards which he would not meet elsewhere and which may affect his health. Physical and mental health both are essential for the satisfaction and improved morale, discipline, performance and productivity of the employees.

In India, the Royal Commission on Labour (1931), the Labour Investigation Committee (1946), the Health Survey and Development committee (1943), the Labour Welfare Committee (1969) all emphasized upon the “ creation and maintenance of an healthy environment as possible, in the homes of the people as well as in all places where they congregate for work, amusement or recreation are essential”.

## SAFETY MEASURES

Safety measures deals with prevention of accidents and with minimizing the resulting loss and damage to persons and property. Five basic principles must govern the safety programme of an organisation. They are :

**1.** Factors resulting to accidents have to be traced out, analysed and eliminated.
**2.** Identify potential hazards, provide effective safety facilities and equipment take prompt remedial action.
3. The top management must continuously monitor the safety performance.
4. Management and supervision must be fully accountable for safety performance in the work place.
**5.** All employees should be given thorough training in safe methods of work and should receive continuing education and guidance on eliminating safety hazards and on prevention of accidents

**There are three E's of safety to prevent accidents, namely, engineering, education and enforcement of safety rules.**

**Statutory Provisions for safety in India**

The Factories Act contain specific provision for the safety of workers.

**1.** When any part of the machinery is in motion, it is obligatory to fence the machinery.
**2.** Any examination, adjustment of any part of the machinery shall be carried out by trained male worker wearing tight fitting clothing.
**3.** No adolescent shall be allowed to work on any machinery which poses danger.
**4.** Suitable devices for cutting off power in an emergency shall be provided
**5.** Prohibition of employing women and children near cotton-openers.
**6.** Precautions against dangerous fumes, use of portable electric lights. Explosive or inflammable gas or dust, fire etc.

## STRESS MANAGEMENT

Stress is a state of mind that show certain biochemical reactions in the human body and is projected by a sense of anxiety, tension, depression, frustration and irritation. Such reactions are caused when the demands of the environmental forces or internal forces are not met by the resources available to the person. Situations produce stress in the form of bio-chemical, functional and structural changes in the human organism. These situations could be fear, pain, fatigue, emotional arousal, humiliation, frustration, lack of

concentration, blood pressure, drugs, loss of loved one, non-occurrence of an expected event and even unexpected successes that require a change in the operational style. High level stress damages the physical and psychological well-being of a person and extremely low levels of stress are equally undesirable for they cause boredom, and result in lack of stimulation, innovation and challenges. Thus moderate level of stress is necessary for higher level of performance.

**Meaning and Definition of Stress**

The term “Stress” refers to the body’s physical, mental, and chemical reactions to circumstances that confuse, endanger, frighten or irritate the individual.

**i.** According to Hans Selye Stress is defined “as the nonspecific response of the body to any demand ”.

**ii.** Stress is a discrepancy between an employee’s perceived state and desired state, when such a discrepancy is considered important by the employee. Stress influences two behaviors - (1) the employee’s psychological and physical well-being and (2) the employee’s efforts to cope with the stress by preventing or reducing it.

**iii.** S.P. Robbins, “Stress” is a dynamic condition in which an individual is confronted with an opportunity, constraint or demand related to what he or she desires and for which the outcome is perceived to be both uncertain and important.

**Sources of Stress**

There are two sources of stress namely organizational sources and personal sources.

**A) <u>Organizational Sources</u>**

The extent and ratio of stress that people experience in job place are influenced by the following factors :

**i. Nature of job**

The nature of job itself can determine the type and degree of stress that can be induced. Some jobs lead to more stress-related responses than others. For example job of a police officer, or air traffic controller are often considered to be low- stress jobs. In general high stress occupations are those in which the employees have little control over their operations, work under time constraints and have major responsibilities for human or financial resources.

Persons working under adverse working conditions such as temperature extremes, pollution, uncomfortable lighting and ventilation and loud noise are also vulnerable to high stress.

According to a study , some of the high stress jobs are foreman, manager, inspector, waitress or waiter and clinical laboratory technician. On the contrary low stress jobs are college professor, personnel worker, craft worker, farm labourer etc.

**ii. Role Ambiguity**

Role is the set of activities associated with certain position in the organisation. When there is lot of uncertainity regarding job definitions or job expectations, then people experience role ambiguity. Role ambiguity is high in managerial jobs where responsibilities are more and role definitions and task specifications are not clear.

Role ambiguity produce psychological strain and dissatisfaction, lead to under-utilization of human resources and leads to feeling of futility on how to cope with the organizational environment.

**iii. Role Conflict**

Role conflict occurs when two or more persons have different and sometimes opposing expectations of a given individual. Role conflicts occur when contradictory demands are at the same time placed before an employee. For example, a building contractor may ask a carpenter to something which is different to what the city building code is, thus causing a role conflict. Similarly a father may know that his son has committed a crime but does not inform the police.

**iv. Responsibilities assigned to employee's**

Any type of responsibility can be a burden on an employee. Holding a person responsible for anything going wrong can create stress and it can be more if the manager has a limited degree of control over his subordinates.

**v. Lack of Participation**

When the employee's are allowed to participate in the decision making process of the organisation, the employee's develop high morale, work more efficiently and feel that they have control over the work environment thereby reducing the extent of role conflict and role ambiguity which are the causes of stress.

**vi. Interpersonal Relations**

The efficiency, performance and effectiveness of a organisation is mapped by the degree of relations that the people enjoy in the work place. Harmonious, cordial and congenial relations result in peace. When the interpersonal relations are poor there is stress, tension and anxiety. Under such crisis full situation the superior and subordinate relations keep deteriorating

**B. Personal sources**

**i. Job concern**

Job variables can become stressors when they become sources of concern, anxiety and frustration to a individual. Lack of job security, prospect of losing a job with family depending on the individual, job recession, low status of job, lack of career progress are all factors resulting into stress.

**ii. Relocation**

Transfers or promotions resulting into change of place geographically, disturbs the routine daily life of individual causing stress. Fear of working in a new place, unpredictability of the new work environment, anxiety due to fear of how to create new relations, getting away from spouse, children, relatives or looking for new dwelling, school for children in new place can be the result of uncertainity and a cause of stress.

**iii. Change of life structure**

Structure of life and process of living has many facets like socio-cultural factors like religion, race, education, family. As a person grow older responsibilities also grow up, and therefore stress develops. The extent of stress is also determined by the ability to cope with stress

**Coping with stress**

**A. Organizational Strategies**

1. **Preventive management** : Preventive management can be conducted by surveys and employee/group interviews. Managers can identify potential problems of serious stressors and take steps to reduce them
2. **Maintaining a productive culture** : Maintenance of positive organizational environment and satisfied employees sets the right direction.
3. **Management by objectives** : A management by objectives or similar performance appraisal technique that identify employee

goals, roles and responsibilities and strengthen communication can reduce stress by eliminating uncertainty in critical aspects of employee's jobs

4. **Controlling the physical environment :** Reducing stress in the physical environment requires that management undertake one or two different strategies. First by reducing noise, better control of temperature, second by protecting employees by improved safety equipment.

**B. Personal Strategies**

1. **Meditation** : Transcendental meditation gives mental and physical relaxation. Meditation reduces anxiety and improve work performance and gives job satisfaction.
2. **Exercise** : One of the least expensive and effective stress reduction strategy is exercise like jogging, sports, fitness classes, cycling, swimming etc. This improves mental and physical health.
3. **Entertainment** : Watching a favorite movie or listening to music can release stress
4. **Removing the cause of stress** : sometimes one can easily check the cause of stress, for example, a confrontational supervisor, difficult support staff, no possibility for advancement etc. Thus the key is to reduce or lessen the cause.
5. **seeking Counseling** : Stress is a common psychological problem. Counselors can offer helpful insights and stress-reduction techniques that may remove the problem.

## EMPLOYEE WELFARE

Employee welfare depends on overcoming personal crisis, family problems and work place problems. Removal of these problems leads to healthy and more productive years of service to the employees.

Organisations try number of approaches to address rising problems of the employees. One such approach is the establishment of **wellness programs**. Wellness is defined as a freely chosen lifestyle aimed at achieving and maintaining an individual's good health.

Employee welfare programs can bring behavioral changes in employees. More broader and comprehensive approaches are adopted by organizations to solve problems of employees. Job security, Voluntary participation, Accessibility, Insurance coverage can boost the morale and efficiency of the employees.

## SUMMARY

The life of industrial workers is full of risks and hazards. Every year lakhs of employees are injured in factories, mines, railways, ports and docks, leading to acute ailments or permanent handicaps. The injuries are caused due to unsafe activity, or an act on their part or chance occurrences or as a result of unsafe work conditions or unsafe acts of employees themselves, or defective plant or shop layout, inadequate ventilation, unsafe and insufficient space for movement inside the plant. Safety measures are devised to prevent accidents minimizing loss and damage caused to a person and property.

Job stress is a pervasive problem. It may result in low productivity, increased absenteeism and turnover, and other employee problems like mental imbalance, heart illnesses. Strategies to control stress include fitness programs, meditation, counseling etc.

## ADDITIONAL READINGS

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### Questions

1. Give the importance of industrial health. Explain how safety measures can help in reducing industrial accidents.
2. Explain in detail the physiological, psychological and behavioural responses to stress.
3. What are the personal factors that contribute to stress? Would this stress be reduced if employees were made more responsible for their own activities? Support your reasons.

# 10

# RECENT TRENDS IN HUMAN RESOURCE MANAGEMENT

## OBJECTIVE OF THE UNIT

After the completion of the unit the student will be able to :

1. Understand the concept of Business Process Outsourcing (BPO)
2. Know the concepts of Back Office and Front Office Outsourcing.
3. Understand objectives need and benefits of BPO.
4. Know services offered by BPO.
5. Understand Future prospects of BPO in India.
6. Know the concept of KPO, forms, benefit and Importance of KPO.
7. Understand Future prospects and challenges to KPO.
8. Understand career options in BPO and KPO.
9. Understand the concepts Downsizing and Strategy for implementation of Downsizing.

## INTRODUCTION

Business Process Outsourcing (BPO) is a contract whereby a firm (outsourcer) transfers its processes along with the associated operational activities and responsibilities to a third party (BPO operator), so that the third party BPO operator provides the required services to firms customers, for an agreed consideration. BOP services are included in retail banking, insurance, travel and hospitality, automobiles, telecom, pharma, finance, accounting and Human Resource.

Outsourcing of human resource activities is an innovative strategy in Indian industry, just like in other advanced countries. It can be a tool for companies, particularly, small ones for competing against the big players. These are specialist HR service providing agencies with expertise to provide professional assistance in matters of employee benefits administration, recruitment and training, legal matters, etc.

Outsourcing practices varies from company to company in Indian organisations. In some reputable companies like ITC Welcome group (hotel) and others, part of training is outsourced, just like recruitment. Outsourcing is cost effective and results in efficiency. Outsourcing is also useful for complementing in-house strategies. As such, it may not necessarily be resorted to in place of the function earlier carried out by the company.

The work given to third party may be to produce something or to provide a service

To produce something as for example a manufacturer of car (outsourcer) will not produce all car parts himself. He may ask another company (BPO operator) to produce some car parts for him. For this, he will pay the BPO operator some money.

In this way in BPO, the company does only the core activities and gives less important work to third parties in exchange for a fee. BPO is divided into two categories:

**1. Back Office Outsourcing :** This includes internal business functions such as billing or purchasing.

**2. Front Office Outsourcing :** This includes customer-related services such as marketing or technical support.

BPO is a contractual service to completely manage, deliver and operate one or more business processes or functions.

BPO that is contracted outside a company's own country is sometimes called offshore outsourcing. BPO that is contracted into a company's neighbouring country is sometimes called near-shore outsourcing. BPO is dependent on IT, hence it is also referred as information technology enabled services or ITES. Knowledge Process Outsourcing (KPO) and legal process outsourcing are some of the parts of BPO.

According to NASSCOM the top five Indian BPO exporters are Genpact, WNS Global Services, Transworks Information Services, IBM Daksh and TCS BPO.

**Objectives of BPO**

1. In enables to focus exclusively core services.
2. Scarce resources can be put to better use.
3. BPO reduces cost of operations.
4. Organisation can get specialised services.
5. Organisation can strengthen strategic business relations with many organisations.

## NEED OF BPO

**1. Flexibility :** Outsourcing may provide a firm with increased flexibility in its resource management. Most BPO services are offered for a fee basis. This helps a company becoming more flexible by transforming fixed into variable costs.

**2. Core Activities :** A company is able to focus on its core competencies. Focusing on core activities may help a company to create a competitive edge. Employees are relieved from performing non-core or administrative processes and can invest more time in building firm's core businesses.

**3. Speed of Business Processes :** Using techniques such as linear programming is a way to reduce cycle time and inventory level, which increases the speed of business processes.

**4. Transform Organisation :** BPO helps to transform the bureaucratic organisation into a very agile organisation. A company can help to maintaining ambitious growth goals. Thus BPO allow firms to retain their entrepreneurial speed and agility.

**5. Long Term Relationship with Customers :** BPO employees are generally professionally trained in customer relation, their approach and attitude towards the customer can go a long way in building long term relationships.

**Benefits :**

(a) Operational Cost Control
(b) Cost Savings
(c) Improved HR
(d) Productivity Improvements
(e) Access to Expertise
(f) Establish and Develop Minority Suppliers
(g) Gain access to information technology tools without major investment
(h) Increased flexibility to meet changing business conditions
(i) It helps the company to minimise business risks

## SERVICES OFFERED BY BPO

**1. Telemarketing Services :** Telemarketing outsourcing services target interaction with potential customers. The objective is to generate interest in products and promote sales.

**2. Customer Support Services :** This services manages customers inquiries through multiple channels of voice, e-mail and chat.

**3. Technical Support Services :** This services offers round the clock technical support and problem solution to customer of computer hardware, software and internet infrastructure manufacturing companies.

**4. Desk Services :** This services provides technical problem solution and support for corporate employees.

**5. Insurance Processing Services :** This service provides specialised solutions to insurance sector.

**6. Medical Transcription Services :** Medical Transcription accounts for 2% of total Indian Outsourcing Services.

## FUTURE PROSPECTS OF BUSINESS PROCESS OUTSOURCING IN INDIA

Business Process Outsourcing (BPO) is the fastest growing segment within IT services. Global market for outsourcing is growing at the rate of 7%. IT is estimated at around 1.2 trillion dollars in 2007. 73% of executives of US companies said their organisations have outsourced some work. BPO industry is drawing significant attention in India by virtue of its utility as an upcoming business.

It is estimated in 2008 India would have revenues of 11 billion US $ from offshore BPO. India thus has a commanding 63% share of offshore BPO services. other locations like Eastern Europe, Philippines, Morocco, Egypt and South Africa have emerged to take a share of market. China is also trying to grow from a very small base in this industry.

1. BPO industry's current size is about $ 26-29 billion.
2. BPO sector in India employs over seven lakh people and accounts for more than 35% of world wide market.
3. In last 3 years BPO sector is growing at over 35%.
4. Total export BPO market opportunity is about $ 220-280 billion by 2012. While domestic BPO market provides additional opportunities worth $ 15-20 billion.
5. Technology, telecom, travel and transportation provide opportunity in excess of $ 10 billion by 2012.
6. Nassam has 1200 members, of which 40% are BPOs and over 50% of them are located in southern states.

In comparison to American and European countries, India has vast pool of skilled human resources ready to work at lower wages. India has largest English speaking population after other western countries. This helps BPOs to serve American clients by working at

nights and helps in better utilisation of resources. Certainly the future business of BPO looks bright in India.

**Challenges and Threats of BPO :**

Although BPO has many potential advantages there are a few stumbling blocks, which could counter these advantages. A failure to meet service levels, unclear contractual issues, changing requirements, unforeseen changes etc. The outsourcer may become too dependent on BPO service provider. A major drawback is related to risk involved. Thus to achieve any benefits, risks and threats to outsourcing must be managed.

## KNOWLEDGE PROCESS OUTSOURCING (KPO) :

The success of BPO has encouraged many firms to start outsourcing their high-end knowledge work as well. India has a large pool of knowledge workers in various sectors ranging from Pharmacy, Medicine, Law, Biotechnology, Education and Training, Engineering, Design and Animation, Research and Development etc. This talent is soon being discovered and tapped by leading businesses across the globe. Hence Knowledge Process Outsourcing involves off-shoring of knowledge intensive business processes that require specialised domain expertise.

Knowledge Process Outsourcing (KPO) is a contract between a company (outsourcer) and a third party (KPO Operator). In this contract the company transfers (gives) some of its knowledge or information related to work to the KPO operator in exchange of fees. So KPO is like BPO. But KPO does high end jobs and BPO does low end jobs. KPO is mostly used by Pharmaceuticals, Biotechnology, Financial Services, Technology Research and other companies who deal with knowledge and information.

KPO saves cost. This kind of outsourcing is adopted by companies to implement their strategies and to protect their intellectual property rights. According to report by Global Sourcing Now, Global KPO industry is expected to reach US $ 17 billion by 2010.

## FORMS OF KPO

**1. Legal Process Outsourcing (LPO) :** LPO does a wide range of legal work such as legal research, pre-litigation documentation, advising clients, writing software licensing agreements etc. Thousands of lawyer’s jobs will move from USA to countries like India in near future.

**2. Human Resource Outsourcing (HRO) :** Human Resource includes payroll management, training, staffing, travel, retirement benefits, risk management, compensation consulting etc. By outsourcing these activities, the outsourcer can concentrate on important matters.

**3. Research Process Outsourcing (RPO) :** RPO is popular in biotech industry. Biotech industry is a very high profit-making industry.

**4. Medical Business Process Outsourcing (MBPO) :** India is becoming a main centre for medical treatment for westerners and middle-east travelers. The chain of Apollo Hospitals is the first major hospital to be get MBPO work.

**Benefits of KPO :**

1. Better quality of work.
2. Increase in Profits.
3. Uninterrupted Services.
4. Savings in cost and time.
5. Trained Professionals at Work
6. Pool of In-house Experts.
7. Standard Operational Efficiency.
8. On-time delivery of Services.
9. Recruitment of Larger Workforce without increasing costs.
10. Flexibility in accommodating client's orders.

**Importance of KPO :**

1. Innovation and differentiation will be key factors in identifying KPO companies and attracting business.
2. KPO companies are professional services companies. Successful KPOs have world-class people development as its foundation.
3. KPOs have to recruit talented persons as the nature of work is different. The selection of right person is half battle won.
4. The objective of every KPO company is to deliver world-class quality of work to the satisfaction of clients so that repeat orders are produced.
5. KPO needs specialisation. Persons with specialised education are always given preference in employment.

**Future Prospects of KPO in India :** India has become a preferred choice of outsourcing countries-Citigroup, GE Capital and American Express have established their KPO companies in India. With huge talent pool, India could emerge as a global KPO hub. India enjoys cost advantage. More and more companies are turning to India for off shoring KPO work as quality work gets done at cheaper rates.

Parma giants Astra-Zeneca and Glaxo-Smithkline have set u drug discovery centres at a low-cost destinations. Motorola, Philips, Nokia, Intel, IBM and Cisco have established offshore design centres in India. The future of KPO business in India presents an encouraging picture to rejoice.

1. According to a report, the Global Knowledge Process Outsourcing Industry is expected to reach US $ 17 billion by 2010. From this US $ 12 billion with be outsourced to India.
2. Indian KPO sector is expected to employ more than 2,50,000 KPO professionals by 2010, compared to current figure of 25,000 employees.
3. India will continue to remain as the top KPO destination.
4. Companies that are outsourcing to KPO's are trying to balance their risks.
5. Large KPO providers are expected to move to multi-location delivery centers.
6. India will capture more than 70% of KPO outsourcing sector by 2010.
7. KPO will have a compounded growth rate of 46% per year till 2010, whereas BPO would grow only by 26% till 2010.

**Challenges to KPO**

1. High Staff Turnover.
2. High cost of Training.
3. Ensuring the security and confidentiality of information, especially when privacy laws change from country to country.

**Reasons for Growth of KPO's :**

1. KPOs are growing rapidly in India as India has large pool of knowledge workers in various sectors.
2. Indian education system gives great importance to higher education and specialisation.
3. The Indian Government has set up IITS (Indian Institute of Technology) and IIMs (Indian Institute of Management) across the country.
4. India has more than 250 universities and engineering colleges.
5. In all good educational institutions, medium of education is English, this has resulted in large population of educated and qualified professionals.

## CAREER OPTIONS IN BPO-KOP

**Career Options in BPO :** It is expected that BPO sector will have to face man power shortage of 39 to 49% by the year 2009. Large population of educated English speaking people and low cost are encouraging more and more companies from abroad to outsource their call centres to India. Call centres jobs require a high school diploma or even a college degree.

**1. Call Centre Operators :** This is entry level in call centres. Here general duties are answering telephone calls, taking down details of caller's query and logging information on a computer, giving advice, in some cases, selling caller products etc.

In outbound call centre services such as tele-marketing, an operator also needs to identify potential customers and make outgoing calls, marketing products, follow-up calls, sending fax, e-mail etc. Duties of a call centre operator depends on the type of product/service of that organisation.

**2. Centre Manager :** He manages day-to-day operations of call centre. It includes financial budgets, operations, communicating, coaching and development of call centre. He has to set operational goals and objectives, monitor and improve performance, have interactions with people outside the call centre, manage all call centre support functions including training, hiring, IT support and process improvement.

**3. Quality Monitor Agent :** They see that all call centre procedures are followed properly and give performance feedback about call handling to coaches, training group and hiring manager.

**4. Process Specialist :** He uses quality improvement techniques to create environment of continuous quality improvement. A call centre experience is useful for jobs in customer relation, sales jobs or insurance sector.

**Career Options in KPO :** KPO provides companies an opportunity to tap into specialised knowledge in various vertical business domains. KPO sector offers a good working atmosphere with global exposure and an opportunity to develop skill sets in a specialised field. Many are unaware of potential of this sector and scope of future prospects. This sector also requires higher level of control, confidentiality and enhanced risk management. A recent report indicates that outsourcing of legal processes alone benefits about 700 Indian law firms working in high-end areas.

**1. Legal Services :** Writing legal documents does not require costly professionals as the same can be done by a KPO firm in India. Now KPO's do patents, drafting, legal research, writing software etc.

**2. Accounting Services :** All accounting work from book keeping to auditing is done by KPO firms. They provide trained professionals who offer cheaper services with standard quality.

**3. Journalism and Content Development :** This sector has recently grown with the rise of content development firms. English speaking trained writers from a KPO firm are good candidates to help newspapers and journals with their editing and copy writing work.

**4. Architectural and Engineering Services :** A large pool of trained draftsmen can provide expert CAD/CAM services to clients.

**5. Financial Analytics and Equity Research :** Analytical, Conceptual and interdisciplinary thinking, Accountancy and financial analysis, Fundamentals of finance, experienced in interpreting research reports.

**6. Other Key KPO Areas :** KPOs provide opportunities to graduates in engineering, management, law, statistics, economics, accounts and biological sciences to name a few, apart from opening its doors to Arts, Science and Commerce graduates.

The essential skills for a successful career in KPO is a good mix of communication skills, analytical abilities and domain knowledge. Candidates can expect a starting salary of Rs. 15,000 to Rs. 30,000 in BPO's or KPO's. Promotions are performance-based. They can also become CEO of BPO or KPO centre. Jobs of BPO and KPO are full of stress, so the candidate must have the ability to handle pressure. He must be cool and must perform well in all situations.

**Distinguish between BPO and KPO**

| BPO | KPO |
|---|---|
| **1. Meaning :** BPO is a contractual service to completely manage, deliver and operate one or more business process | KPO is a high added value chain of processes where the achievement of objective is dependent on skills, knowledge and experience of people carrying out activity. |
| **2. Potential :** BPO market is long term in nature | KPO market may or may not be long term |
| **3. Activates :** BPO undertakes data processing, basic data entry, setting up of bank A/C, department outsourcing, technical support, to customers etc. | KPO undertakes legal processes, Intellectual property and patent services, Legal research, clinical research publishing etc. |
| **4. HR Requirement :** It needs personal with basic graduate qualification | KPO requires professional from respective fields. |
| **5. Scope :** BPO provides domain based processes and business expertise. | KPO demands advanced and expertise skills. KPO is a step ahead of BPO. |

## DOWNSIZING

The word ‘downsizing’ was coined by Stephen Roach of International Bank, by Morgan Stanley, USA. Downsizing was used as a strategy to reduce the size of a business to make it more profitable.

The term downsizing was used in mega organizations in the USA with a view to reduce the excess of man power and to reduce high labour cost.

Downsizing has been practised by corporate organizations for maintaining a sizeable number of regular employees. It is an extreme step taken by employers for wholesale reduction in the number of regular staff. Its key objective is to improve financial performance and organizational efficiency. The practice was popular during the recessionary period of early 1990s. However, the practice continues even today in large organizations, both PSUs and private organizations.

The glaring success in the UK and the US organizations in reduction of manufacturing costs, production cost the importance it had as a component in the total value added. The main concern for cost reduction, therefore, was highlighted outside the factory in all other areas, termed as overhead costs, e.g. R&D, selling, distribution, finance and personnel and marketing. As such, ruthless forms of business process re-engineering, delaying and downsizing came into practice resulting in perceptible high productivity.

In American industry, during June 1995 alone, a one half of the major corporations cut down jobs, which on an average, constituted 8 per cent of the organizational workforce. Downsizing, as such, implied corporate strategy for terminating the jobs of a huge number of staff on regular employment and also taking contingent workers from subcontractors or foreign workers. This practice is very much in use in US corporation in the aftermath of the terrorists’ attack in New York on 11th September, 2001, although, the focus in discharging the excess regular employees has shifted from American staff to foreigners.

The advocates of downsizing claim that downsizing helps meet an organization’s commitment to its shareholders who own the business/company. However, critics of downsizing feel it to be an unpalatable face of capitalism, since it was being practised in various forms, for example, plant closure, layoffs of workers, etc. These practices, no doubt, apparently helped increase plant productivity and positively impacted the bottom line of the corporates but these are all short-term gains. And, they do not take into consideration the effect of the strategy on people. As such, the

approach is one-sided and only serves the purpose of the capitalist. This is made clearer from the gains achieved in the US companies, mentioned below.

Downsizing was actively implemented in 1995 in the USA, in reputable companies like Mobil Oil Company. It cut down the company's workforce through layoff by 9.2 per cent and gained market value to the extent of 4 per cent. The company resorted to downsizing in spite of the commendable high profits (19 per cent higher than the previous year) and 9 per cent higher divided payouts (19 per cent), and, the company chose to continue cost cutting initiatives for higher growth and opportunities. These are also other instances in the USA where corporations reduced the number of jobs. USA eliminated more than 15.2 million while collar workers during 1989-99 and thereafter, some 3.6 million of the redundant staff got employment with 30 per cent less emoluments. The organizations no doubt, made record profit of 13 per cent in 1993 and 10 per cent in 1994.

Downsizing has also been practised by employers in India as the most convention tool for reducing manpower strength. Notable illustrative examples have been Standard Chartered Bank, State Bank of India and others. VRS also has been resorted to by many organizations.

**Nature of Downsizing :** Downsizing as a strategy may be practised for long or a short period. In the short-term strategy, it reduces manpower strength quickly. It is a costly activity. However, the organization may devise a Voluntary Retirement Scheme (VRS) and pay high attractive incentives to the staff offering early retirement.

A long-term downsizing may be resorted due to : (a) induction of faster and new technologies/new work methods, (b) inadequacy of large number of staff in higher age groups to cope with the new technologies, due to lack of skill/knowledge, or (c) general resistance to the change which may have been envisaged. Even, retraining of such staff is not possible and change in the mindset is an absolute necessity.

However, in most of the cases of the ageing population redundancy is the only appropriate answer. In such cases, even outplacement of the potential staff, not needed in the organization, may be a costly affair. However, retraining of those who are willing to be retrained, and are found retrainable can be redeployed. But, for this to happen, a well planned and systematic action plan is called for, to overcome the situation.

**Strategy for Implementation of Downsizing :** Following strategy is used for effective implementation of downsizing :

**1. Advance Preparation :** Advance preparation to involve people through open communication to thwart grapevine rumors.

**2. Staff Feedback :** Encourage staff feedback and impress the ultimate need for downsizing with no alternative in management hands.

**3. Training :** Train the managers for implementation of downsizing. This is a painful experience for the managers as they have to take a decision for termination of their own staff who gave them their best.

**4. Stages in Implementation :** It is necessary to plan downsizing in phases.

Downsizing may lead to lower overheads, faster decision-making, lesser bureaucracy, improved communication and entrepreneurial, executive behaviour. But, the disastrous effects of downsizing cannot be neglected.

## EMPLOYEE INCENTIVE SCHEMES LIKE STOCK OPTIONS

Employee stock option is a latest technique of employee's participation. This can be implemented by any company, institution or undertaking whose shares are listed on stock exchange of the country.

The method involves offering shares to employees. Every year, the shares are revalued and prices are announced. Employees are given an option to redeem their shares at quoted prices.

Participation through ownership has the distinct advantage of making the worker committed to the job and to the organisation. The object of this scheme is to check the tendency of employees of frequent change of companies. This scheme sense of ownership and responsibility on the employee. One drawback of the scheme is that it can be implemented in profit making companies.

**Questions**

1. Write note on Business Process Outsourcing (BPO)

2. Explain future prospects of Business Process Outsourcing (BPO) in India.

3. What do you mean by Knowledge Process Outsourcing (KPO)? Explain its forms and benefits.

4. Explain Future Prospects of Knowledge Process Outsourcing (KPO) in India.

5. Identify various career options available in BPOs/KPOs in India.

6. What are the career options in Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO) sector?

7. Distinguish between Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO)

8. Explain the nature of Downsizing. Also point out strategy for implementation of Downsizing.

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# 11

# CASE STUDIES

## INTRODUCTION

Case method is an excellent medium for developing analytical skill. It was started by Harvard Business School. This method is increasingly being used by many other prestigious management institute in India. University of Mumbai has introduced Case Study method in revised course of M.Com. We have given sixteen selected Case Studies in this lesson for the benefit of Student.

**Case Study : 1**

Sinha is a senior employee of CIC Logistics Pvt. Ltd. having its headquarters at Delhi and branches at all major cities in the country. The managing partner of the firm asked Sinha to head its Southern branch at Bangalore. The firm has been quite successful since its inception in 1950's, but has witnessed high turnover

among its younger staff in the last five years. The managing partner is convinced that the problem is not salary, because a recent survey indicated that the firm's salary structure is competitive with that of other major firms. Driven by this incomprehension, the managing partner wanted Sinha to find out the real reasons.

Having settled in Bangalore, Sinha met the four Senior Managers to determine why the branch has had such a high attrition rate amongst the younger staff. Krishna, age 46, stated that the younger staff lacked dedication and failed to appreciate the career opportunities provided by the firm. Gowda, age 52, said the younger employees were always complaining about the lack of meaningful feedback on their performance, and many mentioned that they would like to have a mentor in the organisation to assist with their development. Gowda further explained that the firm does provide performance rating to its staff and the previous Manager had always maintained an open-door policy. Manohar, aged 39, said that he has received complaints that training was not relevant and was generally dull. He explained that various persons in the firm who worked with training from time to time acted mainly on guidance from Delhi. Radha, aged 35, said she believed that the root of the problem is the absence of an HR department. However, she said that when the idea was mentioned to the managing partner in Delhi, it was completely rejected.

**Questions :-**

(a) Do you think that CIC Logistics Pvt. Ltd. needs an HR Department ? Justify.
(b) What Role does an HR Department play ?
(c) How would you sell the idea of the HR Department to the Managing Partner ?
(d) What type of Organisational Structure would you recommend ?

**(Mumbai M.Com. April 2008)**

**Case Study : 2**

Safety (India) Pvt. Ltd. is a passenger transport company plying more than 500 passenger buses in Bangalore of different routes. There are more than 5,000 employees working in the company. Out of these about 300 crewmen, (drivers and conducts) are working on the routes. The behaviour of these crewmen while dealing with public and daily commuters in not satisfactory. So far as salary structure of these crewmen is concerned they are paid reasonably well. In spite of it they have become lethargic, lazy and careless. Their productivity level is also very low as compared to the crewmen of other transport company. After having surveyed their behavioural pattern it came to light that they are little interested in their job and job has lost it's meaning to them. Read the above case and answer the following questions.

**Questions :**

1. As a manager of this company what kind of job design you will suggest for these crewmen and why?
2. Is it possible to modify their behaviour by imparting training to them. Explain it.
3. Is it necessary to motivate them by giving monetary incentives? Give reasons.

**Case Study : 3**

Mangal Pande has small factory for producing plastic good. There are 100 employees working in that factory. At present it is solely managed by his father. Mangal Pande has joined his father recently after having completed post graduation in management.

He discovers that the authority to manage all affairs of the factory has been retained by his father being the owner. Hardly there seems to be any line of authority in the factory. some of his relatives and trust worthy senior employees have been empowered for looking after various operation like, purchase, sale, accounting and finance. Mangal Pande is not fully satisfied with the present set up of distribution of authority. He wants to decentralise part of authority still being retained by his father. And he believes that through delegation of authority he will be able to establish cordial and healthy relationship of superior and subordinate.

Read the above case and answer the following questions.

**Questions :**

1. What is the need of delegating authority being felt by Mangal Pande and what should be the base of delegating it?
2. You are requested to suggest some guidelines as to make delegation of authority more effective.
3. Does it help in motivating the employees? Explain it.

**Case Study : 4**

Gulshan Kumar started a Super cassette company in 1985 on a very small scale. In a short span of five years his company's sales almost equaled the combined sales of other three leading music recording companies in India. This was possible because of MR. Kumar's business acumen, extraordinary managerial skills, imaginative sales promotion programmes and above all his care for good music and lower overhead expenses. Encouraged by enormous success of his music recording company Mr. Gulshan Kumar ventured into other manufacturing activities. Throughout this period Mr. Kumar found it difficult to delegate authority and continued making all final decisions on new product plans, capital budgeting, advertising, pricing policies, sales plans, hiring of staff

and labour union and other matters. Some of newly set up units which turned out to be non-profitable were classed down after few years of their setting up.

Carefully examine the above case of answer the following questions.

**Questions :**

1. What could have been a possible reason of Mr. Kumar's reluctance to delegate authority?
2. How you would have convinced Mr. Kumar about the utility of delegating authority?

**Case Study : 5**

Raj Khanna is the President of Dimple Outsourcing Company having more than 3000 employees in its roll. He had been working as financial manager in some multinational company. He is highly ambitious, bold, energetic in his approach. he is result-oriented and practical in approach. he does not respect for rules and formalities rather he moves in direct manner adopting short cut methods. He seeks high degree of compliance to orders and instructions given by him.

Use of rationally and intellect is on lower side and his decisions are based on intuition. But in this new company most of middle level managers are equipped with knowledge of modern management. They are unhappy with the working style of vice-president finance.

Read the above case and answer the following questions.

**Questions :**

1. What managerial style is being used by Raj Khanna and how it is different from other styles of management?
2. Why young professionally qualified middle level managers are not happy with him?
3. Give your suggestions for improving the existing style being followed by Raj Khanna.

**Case Study : 6**

Aamir Khan is a senior finance manager in a reputed consultancy organisation. He directly reports to vice-president (finance). He is heading a department consisting of 100 employees. Recently he has been promoted to this position. He has been working in the same department for a long time. After having worked for some time he comes to known that middle level managers much as deputy, assistant managers and foremen and superiors do not fully cooperate with him for implementing the decisions taken by him. He analyses the entire situation and arrives

at a conclusion that middle level and lower level managers should be associated with decision-making process as to get their maximum, co-operation and contribution. He is taking whole matter to the vice-president (Finance) and discussing it with him. Read the case carefully and answer the following questions.

**Questions :**

1. How Aamir Khan should convene the vice-president that individual decisions are less effective than group decisions?
2. Which scheme of participation of middle and lower level manager he should suggest to vice-president (finance)?
3. What would be the overall implication of this move on the level of satisfaction and efficiency of lower level managers?

**Case Study : 7**

Ganesh Desai, a professionally qualified engineer, has been working in one of the production plants of the company as assistant plant manager. After having worked for 5 years he gets promotional opportunity. He is promoted to the position of plant manager and transferred to another plant which is facing difficulty in meeting production target and budgetary standards. He is highly ambitious and authority oriented energetic person. he strongly believes that to solve the problem rigid and close control should be exercised, he should make decisions on his own and get them implemented by exercising authority. After joining new plant he give directive to each work station for increasing production by 10% and reducing budget by 5%. He monitors the situation closely and had finally dismissed 5 supervisors who fail in meeting production target without giving patient hearing to them. He promotes senior operators to the position of dismissed supervisors. Ultimately this style of functioning yielded desired result, productivity increases and budgetary deviations were brought under control.

Read the above case and answer the following questions.

**Questions :**

1. What kind of organisation behaviour, Ganesh Desai has followed? Discuss the type of organisational climate created by him.
2. Give your suggestions for improving existing organisational climate considering relaxed control and self control.

**Questions :**

1. Do you think Nawal's father understood and interpreted the Hawthorne studies correctly?
2. If you were Nawal, what would your reaction be to your father's comments?

**Case Study : 8**

Fanta-Cola Limited is a great Indian company producing and distributing cold drinks in India. The company has been in existence for the last 15 years. It has a big manufacturing plant situated in Delhi and a fleet of trucks for the purpose of controlled and efficient distribution of cold drinks to neighboring states as well as in Delhi. Employees working in the company are fully satisfied with service conditions, promotional avenues and welfare schemes launched by the company for them. The customers so also feel comfortable and satisfied with the drink both in terms of quality and price. But after the entry of two big multinational companies, Fanta-Cola and Pepsi, the entire situation has changed. Fanta-Cola has lost 90% of its market share to these companies and it has become very difficult to compete with them.

Read the above case carefully and answer the following questions.

**Questions :**

1. Make our SWOT analysis of Fanta-Cola Ltd.
2. Suggest suitable strategy for mainting survival and profitability of Fanta-Cola in the light of competition with multinational companies.
3 How can Fanta-Cola utilise its strengths to regain its, lost market share?

**Case Study : 9**

In 1990 Vijay Kumar Desai, a chartered accountant, was elected as the chairman of Promising Life Insurance company which was at that time the third largest life insurance company in the country. During the next 5 years, however, while its business increased, it did not grow as fast as its major competitors and Promising Company dropped from third to sixth place.

This naturally perturbed Vijay Kumar Desai as it did to the board of directors of the company. Finally, after deliberations the board of directors concluded that the lack of leadership in the sales of both ordinary life policies and group life insurance was the major case of company's comparative slow progress. It was also generally concluded that the two directors in charge of sales in these two major areas of business were competent executives and leaders, but the regional and district managers working under them were not very competent leaders.

Vijay Kumar Desai called these two directors and asked them to ensure strong leadership at the regional and district level or else quit their jobs. As these directors left the meeting with the chairman, one director told other. "Now just how do we make

people leaders? How can we be sure whether or not a person is a leader? You know this is tough job.

Read and analyse the above case and answer the following questions.

**Questions :**

1. If you were one of the directors, how would you answer the question that the other director has raised?
2. What would you do about developing strong leaders?

**Case Study : 10**

Engler Enterprises manufactures a variety of food products and household items. It has a workforce of 450 employees—330 are located in a rural Midwest community, and the other are located in regional sales offices throughout the United States and in several Pacific Rim countries.

Sharon Howells has been the production manager for the past two years since she was promoted to that position. Unfortunately, she is failing in her new job. She has been with the company since it started 18 years ago, and because of her exceptional performance record she has been promoted many times. Engler Enterprises started as a family business and has followed a policy of promotion from within to motivate employees and give them new opportunities to learn and grow.

Sharon is a very conscientious manager and she works well with people. She has a high school diploma and one year of college, but she does not have the training and educational preparation to handle the job of production manager. In there previous assignments, she learned how to do word processing and spread sheets on computers, which led top management to think she would be bale to learn what she needed to know to handle the job of production manager. Although one executive thinks Sharon should receive more time to learn the job, the other want to move her into the marketing department.

The company is continuing to expand into foreign markets and it is essential that the production department adopt the latest technology and production processes. Top management is convinced that the job of production manager demands someone who has been educated in manufacturing technology and who has at least two years experience. They are divided, however, on how to handle this problem.

One executive thinks the job should be given to one of the production supervisors, Bryan Green, whose undergraduate degree included two courses in production management. Bryan only has four years seniority, which is much less than many others. But

Bryan is a very bright and capable supervisor and he could probably acquire the knowledge and skills needed to be a good production manager. Promoting him would serve the company's tradition of promoting from within.

Another executive thinks the company should advertise the job with Job Service and in the newspaper, such as the *The Wall Street Journal.* This executive believes the company could solicit a large number of applicants with excellent qualifications in spite of the company's rural location.

An alternative suggestion is to use the services of a private employment agency. This alternative has the advantage of reducing the amount of attrition and disruption to the current operations and personal feeling, but it would probably cost $ 25,000 to $ 30,000.

**Questions :**

1. How valuable is a tradition of promotion from within, and how disruptive might it be to deviate from this tradition? What are the potential advantages and risks of promoting from within in this situation?
2. If the company decides to go outside, what are the best external recruiting sources for finding a new production manager?
3. What are the advantages of using a private placement firm to find a new production manager? Since private placement firms can be expensive, what is the dollar value of these advantages?

**Case Study : 11**

Rane is a branch manager of a reputed bank and has earned a reputation for efficient operations. Recently, a divisional manager telephones Rane that a new branch office was to be opened in another city. The divisional manager also informed Rane that senior management is highly pleased with the way his branch office has been functioning in the past and would like him to recommend someone from his office for promotion as branch manager to manage the new branch.

Rane started analysis of his subordinate staff to determine who might make a good manager. He as narrowed his choice down to two persons within his office: Ms. Anita and Mr. Malla. Both Anita and Malla are young persons in early forties. Each has a management degree from reputed institutes. Anita usually seems more effective and tactful when dealing with customers. Both have

low absenteeism record and either one would probably make a satisfactory manager for the new branch of the bank.

Rane has an impression that most people prefer male supervisors and women generally are not really interested in career and as manager might develop aggressive female tendencies. As such Malla may be an effective manager in a new workplace. Hence he recommended Malla for promotion as a branch manager in the bank's new branch.

Read the above case and answer the following questions.

**Questions :**

1. If you were Rane, whom would you recommend as head of the new branch? Give arguments in favour of your recommendation.
2. As HR manager, how would you handle Anita's feelings of being ignored?

**Case Study : 12**

Gagan Industries Ltd. is a manufacturing company with line and staff organisation. Shri Raman, a young staff officer, developed a plan for increasing the life of certain equipment in the plant. He carried the plan directly to the Superintendent of the department in which he hoped to introduce it, but was rebuffed by the superintendent who privately acknowledged the merit of the scheme, but resented the Staff Officer trying to show off his talent.

The Staff Officers' Association condemned the behaviour of Shri Raman and felt that he should have allowed the plan to appear as a contribution of the staff group rather than his own. Shri Raman himself declared, "By God, it is my idea and I want credit for it. There is none among the Staff Officers who would not have claimed it to be a personal achievement."

Read the above case and answer the following questions.

**Questions :**

1. Analyse the situation in terms of the possible causes of the reaction of the Superintendent and the Staff Officers' group.
2. Suggest measures to defuse the situation.
3. Why did the Superintendent refuse to implement the plan which he appreciated privately?

**Case Study : 13**

The Mild Steel Company, which was established in January 1965, employed 500 workers and a large number of technical and clearical staff. The company had its units at various places and the corporate policies were formulated by the Board of Directors.

For a long time, the company had no well-defined recruitment policy. Several employees without any professional background were elevated to the posts of managers. Subsequently, when these persons demanded promotion, the management conceded their demands by promoting them to even higher posts.

But in recent years, with the changing eocnomic conditions, growing competitions, and consequent marketing difficulties, the management felt the need for infusing fresh and young blood in the organisation. The company felt that qualified young engineering graduates would be best suited for the front-line executive posts. If properly trained, the management concluded the young engineers would be able to put the whole organisation on sound footing after a few years when they reach higher positions.

Before recruiting the young graduates, the management decided to put a qualifiation embargo on the old times so that the inadequately qualified managers would never have a chance to rise in the organisation hierarchy.

The company advertised in all leading newspapers inviting applications from First Class Engineering Graduates for appointment as Junior Executives. The selected candidates were to get an all inclusive salary of Rs. 3,000 per month. The candidataes were to be put on probation for one year, after which they could be confirmed in their posts.

Nearly 30 candidates rresponded to the advertisement. Fifty candidates were selected after written examination and interview. The selected candidates were imparted intensive theoretical and practical training and were placed in various shops.

The management started watching the functioning of the various shops that were run by the young and qualified executives. But they found no improvement.

Meanwhile, discontent was growing in the ‘old timers’. They protested that their promotion opportunities were blocked by the management’s new recruitment policy. On the other hand the new executives complained that thee was no job satisfaction. Subsequently the management was very much perturbed when 27 of the new executive submitted heir resignations one afte another. The management also learnt that the remaining graduate engineers were also in search of better prospects elsewhere.

The Chief Human Resource Manager of the company conducted an ‘exit interview’ of the graduate engineers leaving their

johs to find out th ereal causes of such a spate of resignations. The graduate engineers had the following complaints.

1. They were not deriving any satisfaction from the jobs. They were also not in a position to utilise their special knowledge to the fullest extent.
2. Their working conditions were not satisfactory.
3. There was no challenge in the job, and future prospects were ocmpletely dim.
4. The management-workers relation was very unhealthy. The entire atmosphere was charged with doubt, suspicion, spathy, and misunderstanding.
5. The senior officers did not give any importance to them and their suggestions.

The management called for a conference of the senior executives to review the company's policies of selection, recruitment, training, and induction.

**Questions :**

1. Comment separately on all the seven points raised by the engineers leaving the company.
2. Elaborate and justify your stand and action as a part of top management team torevitalise the company.

**Case Study : 14**

As a result of economic reforms initiated in the recent past, the Indian economy has been globalised. The regulations and controls have been relaxed. Many more multinationals have been inclined to make their entry in India. Consequently, market dynamics specially nature of competition has been drastically changed. Indian organisations are finding it difficult to compete with their counterparts coming from outside. You are a manager in one of the well established pharmaceutical company already working in India for the last 20 years. To compete with multinational company you personally feel that production as well as distribution systems are to be made cost effective so that better quality of medicines can be produced and distributed at reasonable cost. For improving cost-effectives of the system you carry opinion that your organisation is overstaffed. You are bringing this fact to the knowledge of managing director. He is discussing this problem with you in the light of human resource planning and development. The managing director of the company is asking you the following questions.

**Questions :**

1. How to proceed for making manpower planning? Discuss various steps involved in it.

2. How will you convince your managing director that human resource planning and development would help in making production and distribution systems cost effective?

**Case Study : 15**

A largest service provider groups based in UK, operating in over 30 countries with more than 40,000 employees. Handling the requirements of Housing Tax and Council Tax Benefit processing of a large Government council in UK. However, as the task involved seasonal fluctuations in demand, the service provider faced significant challenges. Some significant challenges included: inability to process huge volume of benefits administration forms in short period of time, maintaining manpower according to demand, maintaining accuracy, quality and security as processes involved citizens directly and were confidential in nature."

**Questions :**

(a) Is outsourcing the solution?
(b) Which countries can they outsource to and why?
(c) Company to whom the job is entrusted should be BPO or KPO?
(d) What should they look for in company to whom this job is outsourced?

**Case Study : 16**

Reliable Consultancy Ltd., is a consultancy firm catering to the various needs of business organisations. They are experts in undertaking research, and they provide research data on an ongoing basis. They also provide assistance with respect to project formulation, feasibility study and project implementation. They charge fees for the work undertaken. The fees is calculated on the basis of work undertaken and the duration of the job. The company operates at the international level. They have branches in important Indian cities besides few locations abroad. At the end of June, 2007 the company had an employee strength of more than 1400, out of which 400 were permanent employees. The rest worked purely on temporary basis. The structure of basic remuneration is different for permanent employees, and the temporary staff. However all the employees were paid as per the industry standards. During the review meeting held at the end of June, 2007 the top management was informed about the serious problem faced by the company financially. The Finance Manager explained the core management team about the gap between coast and revenue getting narrowed on monthly basis. The Manager also explained the various contributory factors related to cost and revenue. He was very clear about the revenue side and explained that it would be impossible to alter the fee structure. He said that the company was already working on narrow margin and therefore reducing the fee, in his opinion, was impossible. He further suggested to review the pattern

of employment. He observed that the cost to company per permanent employee was atleast five to six times over and above the temporary staff. He therefore suggested that the HRD should consider the possibility of reducing the number of permanent employees. After lengthy discussion between various members present about the issues related to this exercise of 'downsizing' the HRD Manager concluded with a promise to get back to the board within a month about the scheme and methods for implementing the restructure. The meeting ended with a positive note on downsizing the work force.

**Answer the following questions :**

(a) It is right to reduce the number of permanent employees? Give reasons.

(b) What are the effects of 'downsizing' in the long run?

(c) Suggest atleast, two schemes for reducing the workforce at Reliable Consultancy Ltd.

**M.Com. Examination, April 2008**
**Human Resource Mangement**

**(Revised Course) (3 Hours) [Total Marks : 100**

**N.B.**
(1) Question No. **1** is **compulsory**.
(2) From the **remaining** questions attempt any **four**.
(3) Figures to the **right** indicate **full** marks.

1. Explain the following (any **four**) :- **20**
(a) Stress Management (d) Knowledge Management
(b) Performance Appraisal (e) Safety Measures
(c) Downsizing (f) ESOPS

2. Answer the following questions :- **20**
(a) "Environmental influences have constrained HRM practices". Discuss.
(b) What are the essentials of a good human resource planning ?

3. Answer the following questions :- **20**
(a) What is Job Design ? Explain its Techniques.
(b) Explain the various sources of Recruitment.

4. Answer the following questions :- **20**
(a) Explain the different methods of Training Managerial Personnel.
(b) Explain the importance of Succession Planning and also highlight the obstacles in Succession Planning.

5. Answer the following questions :- **20**
(a) What are the challenges before the Human Resource Manager under the present Free Market Conditions ?
(b) Explain the various causes of Job Stress.

6. Write a detailed note on the following :- **20**
(a) Business Process Outsourcing.
(b) Problems before a Trainer.

7. **Case Study :-**

Sinha is a senior employee of CIC Logistics Pvt. Ltd. having its headquarters at Delhi and branches at all major cities in the country. The managing partner of the firm asked Sinha to head its Southern branch at Bangalore. The firm has been quite successful since its inception in 1950's, but has witnessed high turnover among its younger staff in the last five years. The managing partner is convinced that the problem is not salary, because a recent survey indicated that the firm's salary structure is competitive with

that of other major firms. Driven by this incomprehension, the managing partner wanted Sinha to find out the real reasons.

Having settled in Bangalore, Sinha met the four Senior Managers to determine why the branch has had such a high attrition rate amongst the younger staff. Krishna, age 46, stated that the younger staff lacked dedication and failed to appreciate the career opportunities provided by the firm. Gowda, age 52, said the younger employees were always complaining about the lack of meaningful feedback on their performance, and many mentioned that they would like to have a mentor in the organisation to assist with their development. Gowda further explained that the firm does provide performance rating to its staff and the previous Manager had always maintained an open-door policy. Manohar, aged 39, said that he has received complaints that training was not relevant and was generally dull. He explained that various persons in the firm who worked with training from time to time acted mainly on guidance from Delhi. Radha, aged 35, said she believed that the root of the problem is the absence of an HR department. However, she said that when the idea was mentioned to the managing partner in Delhi, it was completely rejected.

**Questions :-**

(a) Do you think that CIC Logistics Pvt. Ltd. needs an HR Department ? Justify.
(b) What Role does an HR Department play ?
(c) How would you sell the idea of the HR Department to the Managing Partner ?
(d) What type of Organisational Structure would you recommend ?

# Syllabus
## M.Com. (Part I)
## Human Resource Management
## (Paper I)

**Objective of the Module :**

1. To make the students understand the ways and means of turning human beings into human resources.
2. To help them get an insight into a wide range of tools and techniques in pooling and managing human resources.
3. To enable them to appreciate the need for taking good care of the human assets of the organization.
4. To develop analytical skills such that they formulate plans for using the human of talent in achieving the organizational goals.
5. To find ways of nurturing team spirit amongst the people in an organization.

**Learning Outcomes :**

After completing the course the students are expected to

1. Understand the value of human resource in a commercial enterprise.

2. Appreciate the need for professional management of human resource.

3. Become good team makers and motivators.

4. Help in improving the organizational environment either by adapting to the organization needs or by changing it for the better.

**Teaching Learning Plan :**

| Lecture Topics | No. of Lectures |
|---|---|
| **1. Introduction to Human Resource Management and Environment** | **10** |
| (a) The legacy of HRM and importance | |
| (b) Environmental influences affecting HRM | |
| (c) Objectives and rising prominence of HRM department | |
| (d) HRM from an international perspective | |
| **2. Human Resource Planning** | **12** |
| (a) Steps in Human Resource Planning | |
| (b) Human Resource information system - Human Resource Planning | |
| (c) Job Analyses (Job description and job specification): Job design - techniques and tools | |
| (d) Psychological issues in Human Resource Planning | |
| **3. Recruitment and Selection** | **12** |
| (a) Meaning and sources of recruitment | |
| (b) Tools of selection | |
| (c) Selection process | |

(d) Role of recruitment agencies in the selection process

**4. Performance Appraisal** **12**

(a) Introduction - Definition, Objectives, need and importance
(b) Evaluation Process
(c) Ethics of appraisal
(d) Merit rating - meaning, methods
(e) Limitations of performance appraisal
(f) Recent trends

**5. Training and Development** **12**

(a) Training - need, objectives and importance
(b) Management Development Programme - Need, objectives
(c) Designing an effective training and development programme
(d) Evaluation of the effectiveness of the training programme
(e) Relevance of Video Display Terminals (VDT)
(f) Challenges before a trainer
(g) Designing models for self development knowledge enrichment and career advancement

**6. Succession Planning** **7**

(a) Time Frame
(b) Elements of succession planning
(c) Issues in succession planning and solutions

**7. Employee health and safety** **7**

(a) Physical health and mental health
(b) Safety measures
(c) Stress management
(d) Employee welfare

**8. Recent Trends in Human Resource Management** **8**

(a) Business Process outsourcing
(b) Downsizing - causes and effects
(c) Employee incentive schemes like stock options
(d) Human Resource Management from global perspective

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**Pattern of Question Paper**

**The question paper will be of 100 marks and 3 hours duration In all there will be six questions out of which Question No. 1 is compulsory, which carries 20 marks. From the remaining any four questions need to be attempted.**

Q.1. (a) Explain the following (any five) 10 Marks
(b) Case Study 10 Marks

Q. 2. to Q. 5. will have **three sub questions** viz. a, b and c out of which **two** need to be **attempted**. Each carries 10 Marks. 20 Marks

Q. 6. will have **six sub questions** out of which **four** need to be **attempted**. Each carries 5 marks. 20 Marks.