

HUMAN RESOURCE MANAGEMENT

COURSE CODE: SGB24BB305MC

Bachelor of Business Administration (Honours)

Major Course

Self Learning Material



SREENARAYANAGURU
OPEN UNIVERSITY

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The State University for Education, Training and Research in Blended Format, Kerala



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Mission

To be benchmarked as a model for conservation and dissemination of knowledge and skill on blended and virtual mode in education, training and research for normal, continuing, and adult learners.

Pathway

Access and Quality define Equity.

Human Resource Management

Course Code: SGB24BB305MC

Semester - V

**Four Year Undergraduate Programme
Bachelor of Business Administration (Honours)
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Bachelor of Business Administration (Honours)

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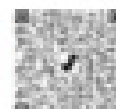
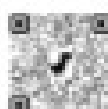
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Dear Learner,

It is with great pleasure that I welcome you to the Four Year UG Programme in Business Administration offered by Sreenarayanaguru Open University.

Established in September 2020, our university aims to provide high-quality higher education through open and distance learning. Our guiding principle, 'access and quality define equity', shapes our approach to education. We are committed to maintaining the highest standards in our academic offerings.

Our university proudly bears the name of Sreenarayanaguru, a prominent Renaissance thinker of modern India. His philosophy of social reform and educational empowerment serves as a constant reminder of our dedication to excellence in all our academic pursuits.

The Four Year UG Programme in Business Administration covers all relevant areas aligned with management theory and organisational practices. We have incorporated the latest trends in business studies to ensure a comprehensive and up-to-date curriculum. Moreover, the programme encompasses flexible options for learners to choose from a range of Ability Enhancement Courses, Multi-disciplinary Courses, Value Added Courses, and Skill Enhancement Courses, complemented by discipline-oriented Advanced and Additional Advanced Courses.

Our teaching methodology combines three key elements: Self Learning Material, Classroom Counselling, and Virtual modes. This blended approach aims to provide a rich and engaging learning experience, overcoming the limitations often associated with distance education. We are confident that this programme will enhance your understanding of business studies, preparing you for various career paths and further academic pursuits.

Our learner support services are always available to address any concerns you may have during your time with us. We encourage you to reach out with any questions or feedback regarding the programme.

We wish you success in your academic journey with Sreenarayanaguru Open University.

Best regards,



Dr. Jagathy Raj V.P.
Vice Chancellor

01-07-2026

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BLOCK - 01

Introduction to Human Resource Management

Unit - 1

Introduction to HRM



Learning Outcomes

After reading this unit, the learner will be able to:

- ◇ define the concept of Human Resource Management and explain its importance and scope in modern organisations
- ◇ trace the evolution of Human Resource Management from traditional personnel management to contemporary HR practices
- ◇ differentiate between Personnel Management and Human Resource Management in terms of objectives, roles, and organisational approach



Prerequisite

Imagine a popular restaurant that becomes successful in a busy city. Customers may think success is due only to the delicious food, but the reality is different. Behind the scenes, many people work together: the chef who prepares the dishes, the servers who attend to customers, the manager who coordinates daily operations, and the owner who plans the business's future. If the chef is skilled but the staff is poorly managed, or if employees are not motivated to serve customers well, the restaurant will struggle to succeed. What truly makes the restaurant successful is how effectively the people working there are selected, trained, coordinated, and motivated.

The same principle applies to every organization. Whether it's a hospital, a bank, a technology company, or a retail store, success depends not just on machines, technology, or capital but mainly on the people who work there. Employees bring ideas, skills, creativity, and energy that propel the organization forward. However, people cannot perform at their best without proper guidance, support, and management. This is where Human Resource Management (HRM) plays a vital role. Human Resource Management focuses on managing people in an organization systematically and effectively.

This unit introduces the concept of Human Resource Management and explains why it is important for organisations today. It also traces the evolution of the idea of managing employees from traditional personnel management to modern strategic HRM and highlights the key differences between these approaches. By the end of the unit, learners will gain a clear understanding of how HRM supports organisational effectiveness and how it contributes to building motivated and productive workplaces.



Keywords

Human Resource Management (HRM), Personnel Management, Strategic Human Resource Management (SHRM), Commodity Concept, Factor Production Concept, Welfare Concept, Industrial Relations Concept, Human Resource Concept



Discussion

1.1.1 Human Resource Management

Think about a successful airline such as Singapore Airlines. The airline is globally admired not only for its aircraft or routes but also for its highly professional cabin crew and excellent customer service. Behind this reputation is a strong focus on managing people effectively. The airline carefully selects employees, provides extensive training, and encourages teamwork and discipline. As a result, employees feel proud of their roles and consistently deliver outstanding service. This example shows that organisational success is closely connected to how well people are managed.

Human Resource Management (HRM) focuses on managing people so that both employees and organisations can perform at their best. It is not limited to routine administrative tasks like hiring employees or maintaining records. Instead, HRM involves creating a supportive work environment, developing employee skills, encouraging teamwork, and ensuring that individuals remain motivated to contribute to organisational goals. When people feel valued and supported, they are more productive, innovative, and committed to their work.

In every organisation, whether it is a small business, a hospital, a manufacturing unit, or a multinational corporation, people play a central role in achieving success. Machines, technology, and capital are important, but they cannot function effectively without human effort and intelligence. HRM therefore focuses on guiding employees, improving their capabilities, and ensuring that their efforts align with the organisation's objectives.



Why is it called Human Resource Management?

The term Human Resource Management can be better understood by examining its three components:

- ◇ **Human** – This refers to the employees or workforce of an organisation. They possess skills, knowledge, creativity, and experience that contribute to organisational performance.
- ◇ **Resource** – In an organisation, employees are considered valuable assets because their abilities help organisations grow, innovate, and compete in the marketplace.
- ◇ **Management** – This mainly emphasizes the need to optimise and utilise the resources involved in planning, organising, directing, and coordinating people so that their talents are utilised effectively.

Every organisation relies on several types of resources, such as finance, technology, and physical infrastructure. However, the most dynamic and influential resource is the human resource. Employees design strategies, operate machines, serve customers, and make important decisions. Therefore, managing human resources effectively becomes essential for organisational success.

Meaning of Human Resources and Human Resource Management

The term Human Resources (HR) refers to the people who work in an organization. Employees bring with them knowledge, skills, experience, attitudes, and creativity, all of which contribute to the organization's performance and growth. Unlike machines or technology, people can think, innovate, and solve problems, making them one of the most valuable assets of any organization.

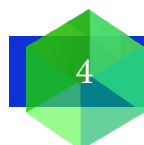
Human Resource Management (HRM) is the process through which organisations manage their employees in a structured and organised manner throughout their employment. It includes activities such as identifying employee needs, recruiting and selecting suitable candidates, providing training and development, motivating employees, assessing their performance, and ensuring they remain committed to the organisation.

Definitions of Human Resource Management

Several scholars and professional bodies have defined HRM from different perspectives. Let's discuss few definitions:-

According to Edwin B. Flippo, "Human resource management is the planning, organising, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to achieve individual, organisational and societal objectives."

The Indian Institute of Personnel Management describes HRM as a managerial duty that concentrates on people at work and the relationships within an organization. It



highlights that managing employees is not only the job of HR specialists but also the responsibility of all managers who oversee and mentor staff in their workplace.

Overall, Human Resource Management plays a crucial role in shaping a productive, motivated, and cooperative workforce, which ultimately helps organisations achieve sustainable success.

1.1.2 Nature of Human Resource Management

As we are familiar with the definitions of Human Resource Management, let's now look into its common characteristics or nature of HRM.

- **Inherent part of Management**

Management, in simple terms is the process of administering and coordinating the resources of an organisation efficiently and effectively to attain its goals. So, what are the resources mentioned here? Is it the money the organisation has? Is it the physical resources?

Resources include all the factors that contribute to the functioning of the organisation namely workforce, money, materials, machines, etc. Of these resources, workforce or employees are the most vital factor that will determine the success of the organisation. No matter how much money the company possesses, if it doesn't have capable people to carry out the operations in no time, the money will run out and the organisations work will be stalled.

Therefore, the process of Management mainly deals with governing the employees of the organisation which in turn gives us the confidence one can safely say that Human Resource Management is an important function of Management.

- **Pervasive function**

Nowadays, every organisation has a Human Resource Department specifically to look after the affairs of the employees. But does it mean that other departments don't need to look into the activities of the employees at all?

Every department that has employees should monitor performance and issues and try to find solutions for the quick and bottleneck-free working of the organisation. For example, a marketing manager needs to look into the performance of their executives and should organise meetings with them very often to identify the difficulties they face in the field. Immediate knowledge about an issue will help to resolve it promptly. So, we can say that human resource management is present at all levels of the organization, i.e., it is pervasive.

- **People-centric**

We have talked about human resource management being a major factor that helps an organization to achieve its goals. But the important thing to keep in mind is that HRM always puts the interest of the people as its priority.



First, let's understand it through a scenario. Suppose an organisation wants to finish a particular project within two weeks; it can only do that by working more hours. But HRM of an organisation won't put the entire burden on the workers by making them work overtime but finds a solution to the problem by exploring options like hiring more employees, providing overtime wages for willing candidates, incentivising the critical roles, etc. So, we can say Human Resource Management is people-centric.

- **Continuous process**

Human Resource Management functions don't end with hiring and managing employees in an organisation. It has a much wider scope. The business environment is very dynamic as it keeps on changing, with new challenges coming up every day.

HRM is concerned with constantly identifying the new problems experienced by the employees and taking necessary measures to solve them. So, HRM can be called as a never-ending or continuous process.

- **Not confined to business establishments alone**

Human Resource Management is a set of practices undertaken to maximise both employee and organisational benefits. So, it cannot be confined to business applications alone. As mentioned in the prerequisite, human resource management applies to non-business organisations in areas such as education, health care, recreation, etc.

1.1.3 Objectives of Human Resource Management

Human Resource Management is an evolving field, but it has a widespread reputation, and all organisations are trying to integrate HRM practices into their business operations. Why organisations are spending so much money, time, and expertise to implement HRM practices? What does the organisation expect out of Human Resource Management? Generally, the objectives of HRM should be in line with the organisation's overall goals. Let's look into the specific objectives of HRM in detail via situational examples.

- **Attain organisational goals**

Let's understand this with an example: the government shall be considered an organisation, and in times of COVID-19, the overall goal of the organisation (government) is to bring down the new cases of coronavirus and, at the same time, provide maximum care to the infected people. So how do they achieve that?

They took measures to curb the spread of the virus by imposing restrictions on people travelling and gathering and, at the same time, providing sufficient medical staff to attend to the patients. To achieve this, what assistance does HRM provide?

HRM plans and manages all aspects related to human resources involved in the said organisational goal of curbing the spread of the coronavirus, and it includes

anticipating the requirement of additional staff in health care and police service and making necessary arrangements to hire more people to contain the situation.

The Human Resources department follows efficient practices like recruitment, selection, promotion, etc., to assist the organisation in achieving its final goals.

- **Effective use of workforce**

A testing equipment production company faces a shortage of staff on the shop floor. The production manager asked management to assign some staff from the marketing and finance department to the shop floor to solve this problem. Will this solve the problem? Will the organisation management agree with the production manager?

Human Resource Management won't approve the request of the production manager because it believes in the effective use of resources. If people are not put in the right jobs, it will only result in a wastage of resources. So, HRM's objective is to identify the skills, abilities, and talents of the workforce and assign the right people for the right jobs to attain efficiency and avoid wastage.

- **Attract and Retain Talent**

Most of you will be familiar with the IPL, and Mumbai Indians is a successful franchise in IPL. Keiron Pollard is one of the star performers who can single-handedly win matches for the team. All other teams wish to add Pollard to their side. But the Mumbai Indians management is very well aware of the value Pollard adds to the side. Hence, management does everything within its capability to retain him on the team.

It is Human Resource Management's objective to identify the best talents within the organisation and outside and implement best human resource practices to attract new employees and retain existing talent.

- **Job Satisfaction**

If an organisation has dissatisfied employees, then it will disrupt the smooth functioning of the organisation. You might have come across news reports where nurses working in private hospitals are going on strike, complaining about a lack of sufficient salary and hectic working hours. When this strike happens, the hospitals working will be adversely affected.

Human Resource Management takes measures to maintain a satisfied workforce by addressing their issues and solving them through various policies.

- **Motivation of employees**

Human Resource Management knows very well that motivated employees are self-directed and don't need much supervision. It also takes measures to ensure that employees are always motivated and committed to organisational objectives.



- **Employee loyalty**

The loyalty of an employee can be stated as having a strong commitment to the organisation and showing honesty and sincerity in all of the work undertaken. Employee loyalty can be improved by involving them in the decision-making process and thereby creating a feeling that they are an integral part of the organisation.

HRM also provides fair remuneration, bonuses, career development opportunities, etc., to improve employee loyalty.

- **Promotion of teamwork**

HRM is very well aware that for the success of an organisation, collective effort is the key rather than individual brilliance. So, HRM tries to create 'esprit de corps' among the employees, i.e., a sense of unity, common interest, and responsibility among the team members. It helps in reducing employee grievances and disputes.

- **Communication of policies**

Suppose the policy of a car distribution firm is to attain maximum customer satisfaction on the sale of every car. They plan to do this by constantly interacting with the customer to find out their experience after the sale has taken place. But suppose this policy is not properly communicated to the sales executives. In that case, they might give priority only to selling the cars, and they won't be much bothered about the after-sale interactions, which will spoil the company's intentions.

So, it is necessary to communicate the policies of an organisation to all employees without any uncertainty, and this task is undertaken by HRM

- **Ethical labour policies**

HRM promotes ethical labour policies like better working conditions, fair remuneration, fair treatment of employees, collective decision-making, etc., to improve the morale of employees and to comply with the legal practices of the land.

- **Managing Change**

Suppose you have the habit of reading newspaper daily. As a part of managing the family budget, suddenly, one day, a decision is taken in your house to stop the newspaper subscription, citing that news can be accessed easily through TV and smartphones. How will you react to this? Most certainly not in a favourable manner.

Similarly, many changes will be introduced in an organisation over time as change is necessary for the growth of the organisation. People generally are reluctant to change in any form. So, employees may try to resist the change. It is the objective of HR department to take measures to manage the implementation of change and reduce employee resistance by educating the employees regarding the necessity for change.

1.1.4 Importance of Human Resource Management

The importance of HRM can be summed up as follows:

i. Providing Manpower

Infosys is a multinational company of Indian origin that provides business consulting and information technology services. It was started in 1981 by seven engineers under a limited capital. At present, Infosys is one of the largest IT companies in India. What factor do you think contributed the most to Infosys' exponential growth?

Infosys mainly provides consulting services, software development and maintenance services to required users within a specific time frame. For this, they need highly skilled workers in the right numbers and only they will be able to complete the task within the required quality and time limit. Organisation Infosys in procuring the ideal workers?

Human Resource Management is important for an organisation as it provides the suitable workforce required to carry out its operations and achieve its objectives. HRM supplies the right number of people with the right qualifications and skills for the right jobs so that the organisation can employ them to achieve its objectives.

ii. National Wealth

Professionals working in companies like TCS, Infosys, Wipro, etc., not only help their companies achieve their goals but also contribute to the economic development of the nation as a whole. The national income of a country increases with the increase in the production of goods and services. Human resources or employees are the major factors that help improve the country's production.

HRM plays an important role in identifying the workforce of a nation and then developing them into valuable assets not only for the organization but for the nation as a whole.

iii. Entrepreneurship

Have you heard about Oprah Winfrey? She is a global icon who excels as a talk show host, writer, and campaigner, as well as the owner of the media and entertainment company Harpo Productions. By 2021, she was estimated to have a net worth of 260 crores, which made her one of the richest African Americans of the 20th century.

Oprah was not born with a silver spoon in her mouth. She was from a very low-income family. So, what might have led to her growth? Oprah says she was able to achieve all this because she aligned her work with her passion. She started as a co-anchor on a radio station. The time she spent there shaped her and made her realise that she was ideal for the talk show hosting.



HRM plays a major role in identifying, developing, motivating, and instilling confidence in the workforce, which not only helps them perform at the highest standard but also enhances their overall potential.

iv. Innovation and Creativity

Hindustan Unilever Limited (HUL) relaunched Rin Bar and Powder with Smart Foam Technology in 2017. This innovation reduces foams after cleaning during the rinse stage. This reduces the number of rinses, thereby saving the consumer water, time, and effort. HUL is a company which had twice featured in the Forbes list of most innovative companies, and they were able to do this because they make a work environment that is ideal for innovation and creativity. Machines do not generate innovation rather it originates from the intellect of employees.

HRM provides incentives, recognition, rewards, to employees who think differently and develop new methods that help the organisation produce better-quality products at lower costs. Thus HRM creates an environment conducive to innovation and creativity.

v. Organisational Success

If you have watched a cricket match, you may have noticed players performing daring fielding feats performed to take wickets or save runs. A player may be a specialist batsman or a bowler, and if they perform well in their specific task, they will be rewarded, and their position in the team will be justified. Then, have you ever wondered why they put their body in line to save a few runs? This is because their coaches train them in such a way that they think beyond their responsibility and act for the ultimate goal of the team, i.e. victory. Human Resource Management aids an organisation in achieving its ultimate goals and objectives by hiring suitable employees and providing training in such a manner that the employee's individual goals align with the goals of the organisation.

vi. Better Standard of Living

Many factory workers, apart from salaries and bonuses, receive additional benefits like free food, transportation, medical benefits, and recreational opportunities. HRM takes the initiative to provide these benefits to improve the commitment of the employees towards the organisation and also to provide a improved standard of living.

vii. Avoiding Wastage and Generating Employment Opportunities

Organisations in the past only looked at the overall picture, i.e., whether they earned a profit or not. There was not much individual scrutiny performed. Now, with HRM, times have changed, and every individual in an organisation is monitored and made accountable for the work they perform. Because of this, wastage or underutilisation of human resources is avoided, and employment opportunities are generated depending upon the requirements of the organisation.

HRM ensures that an organisation has the appropriate number of employees at all times as per its requirements.

Now that you have learned about the importance of HRM let's look into the scope of HRM and the areas in which HRM can be applied.

1.1.5. Scope of Human Resource Management

The scope of Human Resource Management explains the areas in which HR deals within an organization. It is not just about hiring people; it covers everything from bringing employees into the organisation to supporting developing and maintaining good relationships with them.

The scope of HRM can be divided into three main aspects, namely

- a. Personnel aspect
- b. Welfare aspect
- c. Industrial relations aspect

a) Personnel Aspect – The term “Personnel” refers to the employees of an organisation. Personnel aspects of HRM focus on managing employees effectively across different stages, from planning to performance and retention. Let's discuss some of the key components of Personnel Aspects of HRM.

- ◇ **Human Resource Planning (HRP)** – An organisation can succeed only if it keeps an eye on the future. It ensures the organisation has the right number and type of employees in the future by forecasting workforce needs in advance.
- ◇ **Job Analysis** – HRM assesses in detail the type or nature of the job to be performed. It defines the nature, duties, and requirements of a job, helping organisations hire people with the right skills.
- ◇ **Recruitment and Selection** -HRM aids the organisation in hiring the required employees for various jobs. The hiring process is done through recruitment and selection. Recruitment attracts candidates, while selection chooses the most suitable person for the job through tests and interviews.
- ◇ **Training and Development** – Proper training and development enhances employees' skills and align them with organisational goals, making them job-ready and efficient.
- ◇ **Performance Evaluation** - Performance evaluation is the process by which the organisation evaluates the overall performance of employees. This is done by comparing the employee's actual performance with the standard expected by the organisation.
- ◇ **Employee Motivation** - HRM takes necessary measures to constantly motivate employees because motivated employees will be disciplined, committed, self-directed, and always conform to organisational standards and policies. Proper motivation encourages employees to stay committed and productive, leading to higher efficiency and reduced supervision.



- ◇ **Employee Remuneration** - Ensures fair and competitive pay based on skills, experience, and performance to avoid dissatisfaction.
- ◇ **Human Resource Information System (HRIS)** - Maintains detailed employee data, helping in decision-making, coordination, promotions, and team formation.

b) Welfare Aspect - Employee welfare is not limited to salary or wages; it focuses on the overall well-being and prosperity of employees. It ensures that employees feel safe, healthy, secure, and valued in their workplace. Human Resource Management plays a crucial role in designing and maintaining these supportive conditions, thereby enhancing employee satisfaction and productivity. Let's discuss some of the key welfare measures in HRM

- ◇ **Better Working Conditions** - A safe and comfortable environment with proper lighting, ventilation, cleanliness, and hygiene helps employees work efficiently and stay healthy.
- ◇ **Safety Practices** - Organisations must follow safety protocols and provide protective equipment (like helmets, gloves, masks, and sanitizers) to prevent workplace accidents.
- ◇ **Health & Medical Facilities** - Employees should have access to medical care, especially during workplace emergencies, with the organisation covering related expenses.
- ◇ **Job Security** - Employees should feel secure in their jobs. Fair evaluation and protection from sudden or unfair dismissal build confidence and improve performance.
- ◇ **Ideal Working Hours** - Working hours must comply with legal limits and include adequate breaks and rest periods to avoid fatigue and stress.
- ◇ **Canteen Facilities** - Providing food facilities within the workplace ensures convenience and supports employee health.
- ◇ **Recreational Facilities** - Activities like indoor games help reduce stress, improve morale, and strengthen relationships among employees.

Employee welfare aspect is about creating a supportive and healthy work environment where employees feel safe, valued, and motivated, leading to better productivity and organisational success.

c. Industrial Relations Aspect – The concept of industrial relations refers to the relationship between employers and employees in an organisation. HRM focuses on maintaining harmonious, cooperative, and conflict-free relationships to ensure smooth operations. Some of the key measures in Industrial Relations are as follows:

- ◇ **Recognition of Trade Unions** - Employees have the right to form trade unions to protect their interests. A trade union is an association formed by employees to protect their interests in the workplace. Trade unions speak on behalf of the employees with the management of the organisation on any issues concerning the

employees. HRM ensures these unions are recognized and engaged positively by management.

- ◇ **Encouraging Employee Involvement** - Involving employees in decision-making builds trust, ownership, and belongingness. HRM also manages conflicts arising from differences in opinions to maintain harmony.
- ◇ **Maintaining Employee Discipline** - Organizations will have a certain set of rules and policies for governing the conduct of employees. It is essential to ensure that all employees abide by the rules. HRM practices strict measures, such as Douglas McGregor's "Red Hot Stove Rule" (immediate, uniform, and impartial punishment) to maintain discipline in the organisation.
- ◇ **Grievance Redressal** - Employee grievance refers to the dissatisfaction the employee experiences due to any factor that is connected with the organisation that the employee feels are unjust and unfair. A grievance can arise due to management policies (wage, leave transfer, overtime, etc.), working conditions (unavailability of proper tools and machines, poor physical infrastructure, etc.), and personal factors (over ambition, egoistic personality, etc.). HRM addresses employee complaints related to wages, working conditions, or policies by identifying root causes and resolving issues fairly.
- ◇ **Adherence to Various Labour Laws** -The government puts forth certain laws to govern the functioning of companies in the country. HRM ensures compliance with various labour laws to protect employees from exploitation and safeguard their rights and welfare. Some of the important labour laws are the Factories Act, Workmen's Compensation Act, Minimum Wage Act, etc.

The industrial relations aspect of HRM ensures a balanced and respectful employer–employee relationship, reducing conflicts and promoting a productive, stable work environment.

1.1.6 Evolution of Human Resource Management

Human Resource Management is a new and evolving field. It has passed through different stages before becoming the HRM, that we know of today. Given below are the stages that led to the evolution of HRM:

1.1.6.1.The Commodity Concept

In earlier times, large numbers of workers were not integrated into production activities. Only after the Industrial Revolution in the 18th century did the establishment of factories come into existence.

Factories are large spaces where mass production takes place with the assistance of machinery and a large number of workers. At those times, these factories were privately owned by wealthy individuals. During this period, workers employed in factories were considered commodities or goods that could be bought and sold. So, how were the wages of the workers fixed? Was it based on performance, experience, or skill?



The wages of the workers were fixed in a way similar to the price of commodities. That is based on the demand and supply of labour. Whenever there are large number of workers available in the market (high supply), then there is less demand for them, and the workers hired will be paid less.

Whenever there is a shortage of workforce (low supply), then there won't be sufficient workers to be employed everywhere, and naturally, their demand goes up, which results in a wage increase. During this period, workers' welfare was given the least importance, and the government did not offer any support to the workers.

1.1.6.2 The Factor Production Concept

What are the factors that help an organisation to produce the required output? We have already learned that the various aspects of production are money, material, machinery, land, and men. All these factors together result in the organisational production. We have also learned that modern HRM treats men as the most important factor in production.

However, in the factor production concept, men or workers are not given any special consideration compared to other factors of production. This means workers are treated as machines, and the organisation expects them to work day in and day out without any fatigue. The humanitarian aspect was completely absent during this period.

1.1.6.3 The Welfare Concept

This concept came as an improvement of the previous two concepts. During these times, the management realised that improving the overall welfare and prosperity of workers would positively affect production. The management identified that worker welfare can be enhanced by enhancing the qualities and amenities of the work environment.

The amenities of the work environment were enhanced by providing medical and health care facilities, recreational facilities, a common dining area, restrooms, toilet facilities, and, most importantly, a clean, hygienic and safe working area.

1.1.6.4 The Paternalistic Concept

The word paternalistic means parent-like. How does a parent conduct with the children? Do they provide the children with sufficient money alone? The parent or the child determines what is adequate. A parent, apart from providing the child with the necessities of life, also provides love and care as well. But does the child have the autonomy to decide all the actions they are about to carry out? No, the child can only act according to the will and direction of the parent.

Similarly, in the paternalistic concept, the management treats its employees as children, treats them with care, and provides wages to satisfy their necessities (wages will be set by management). Like the case with the child, the employees will be under the constant watch of the management, and they won't be given any autonomy in their work. They will work only as per the direction of the management.

1.1.6.5 The Industrial Relations Concept

By this time, the workers started realizing their rights and began protesting to stop them from being exploited by the management. Workers understood that staying as a group would make it difficult for the management to ignore them. Thereby, trade unions are organisations of workers were formed with the common aim of working for the worker's welfare.

The management understood that they could not function without acknowledging the trade unions. So, the management recognised the trade unions and tried to maintain a harmonious relationship with them

1.1.6.6. The Humanitarian Concept

This concept evolved as per the Hawthorne studies conducted by Elton Mayo. As per these studies, money was not the only rewarding factor that influenced the productivity of employees. Employees have personal motives and aspirations. They wanted to advance in their respective Careers. No employee wishes to retire in the same position in which they started the job. On understanding this contributing factor, the management takes the initiative to implement labour policies like providing training, motivating career developmental opportunities, promotion, etc.

1.1.6.7 Human Resource Concept

The stage where employees are considered as assets. Systematic and conscious efforts are taken to satisfy the needs and aspirations of the employees and thereby attain organisational goals. This approach makes an effort to treat the employees as partners in the organisation's progress. This treatment will create a strong bond between the employees and the organisation, which results in the attainment of individual and mutual goals of both entities

Now, let us look at a scenario and try to understand the concept of personnel management and how we can relate it to HRM.

A few friends were hanging out on a Saturday evening and were having a general conversation about life, work, hobbies, etc. As they were discussing their jobs, Rupeesh started talking about the roles that he has to perform as an HR Manager. He says his department looks after the hiring of employees with the motive of selecting the right person for the right job. He also explains the hardships the department goes through to provide training to the employees to make them fit for the job and also to increase productivity. He boasts about being part of the department other employees are afraid of because they scrutinise the performance of the employees, and the remuneration of the employees will be dependent upon their performance appraisal. Rupeesh says he likes his job, and he feels like a commander as all the employees are, in a way, under his control.

One of his friends, Sumeet, on hearing this, says, "So you can't be called as an HR Manager. Instead, you should be called as a Personnel Manager". Rupeesh didn't like



this remark, so he replied by saying that he is an HR Manager by designation. Sumeet clarifies that he didn't mean any disrespect. Still, from the description of Rupeesh's job, it seems to be more associated with the administration of the employees. It gives little or no consideration to the aspirations and individuality of the workforce. Sumeet adds that Human Resource Management is a modified version of Personnel Management and has a wider scope. He says that both streams have differences in certain aspects. So, in this section, we will look into personnel management and the differences between it and human resource management.

1.1.7 Strategic Management

Vodafone and Idea were two companies in the telecom industry, and both of their long-term objectives were to capture maximum market share and become leaders in the telecommunication industry. But with the inception of Reliance Jio, they faced very tough competition to survive in the industry and to achieve their long-term objectives, the two companies decided to merge into a single firm. This helped them a great deal in surviving the competition from Reliance Jio. The long-term plans adopted by Vodafone and Idea to achieve their long-term objectives are called strategic management.

1.1.8 Strategic Human Resource Management

In the case of the Vodafone and Idea merger, the employees of both companies go through various difficulties such as changes in working hours, the requirement of training, revision of compensation packages, changes in performance evaluation standards, changes in roles, responsibilities and authority, and most importantly the resistance shown by the employees to the overall change in the business environment due to the merger.

HR department and the top management of both companies identify the employees as important partners who play a decisive role in the success of the merger strategy. So, the HR department must integrate the HR policies necessary to tackle all these difficulties into the business strategies of Vodafone and Idea. This is Strategic Human Resource Management.

1.1.9 Human Resource Management Vs Strategic Human Resource Management

We will now try to understand more about strategic HRM and its features by looking at the differences it has to Traditional HRM. The differences are presented through a series of questions.

Table 1.1.1 Difference Between HRM and Strategic HRM

Basis of comparison	Human Resource Management	Strategic Human Resource Management
What is it?	It is a management function that uses various policies to improve the performance of employees by providing them with job satisfaction.	It is an integration of HR policies with overall business strategies to achieve long-term objectives.
How does it treat employees?	It treats employees as resources.	It treats employees as strategic partners.
What is its objective?	Its objective is to improve organisational performance through employee commitment, which is generated from job satisfaction.	Its objective is to create a competitive advantage for the firm over its competitors.
At what management level is it formulated and executed?	It is formulated at the middle level (HR Manager) and executed at an operational level (workers).	It is organised at the strategic level (top management) with assistance from the middle level (HR Manager) and executed at an operational level (workers).
What is the period of its impact?	It is a routine process and has a short-term effect.	It is a complex process and has a long-term impact.
How closely is it related to employees?	It is concerned with all the aspects of employees in an organisation.	It only deals with employee aspects that have an impact on strategic decisions.
How wide is its scope?	Limited scope as it is confined to human resources alone.	Wide scope as it affects the utilisation of all the resources of the organisation.



Recap

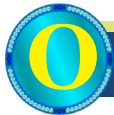
- ◇ Human Resource Management is the planning, organising, directing, and controlling of the procurement, development, compensation, integration, maintenance, and reproduction of human resources to the end that individual, organisational, and social objectives are achieved.
- ◇ Nature of Human Resource Management:



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- a) Inherent part of Management
- b) Pervasive function
- c) People-centric
- d) Continuous process
- m) Not confined to business establishments alone
- ◇ Objectives of Human Resource Management:
 - a) Attain organisational goals
 - b) Effective use of workforce
 - c) Attract and Retain Talent
 - d) Job Satisfaction
 - e) Motivation of employees
 - f) Employee loyalty
 - g) Promotion of teamwork
 - h) Communication of policies
 - i) Ethical labour policies
 - j) Managing Change
- ◇ Importance/Significance of Human Resource Management:
 - a) Providing Manpower
 - b) Entrepreneurship
 - c) Innovation and Creativity
 - d) Organizational Success
 - e) Better Standard of Living
 - f) Avoiding Wastage and Generating Employment Opportunities
- ◇ Scope of Human Resource Management: Personnel Aspects of Human Resource Management, Welfare Aspect of Human Resource Management, Industrial Relation Aspect of Human Resource Management
- ◇ The Commodity Concept - During this period, workers employed in factories were considered commodities or goods that could be bought and sold.
- ◇ The Factor Production Concept – Employees were considered one of the factors of production, and no special care was given to them.
- ◇ The Welfare Concept - Management realises that improving the overall welfare and prosperity of workers by enhancing the qualities and amenities of the work environment will positively affect production by a great deal.
- ◇ The Paternalistic Concept - In the paternalistic concept, the management treats its employees as children, treats them with care, and provides wages to satisfy their necessities. But they won't be given any autonomy in their work.
- ◇ The Industrial Relations Concept – The management recognises the trade unions and tries to maintain a harmonic relationship with them.
- ◇ The Humanitarian Concept - In this concept, management understands that employees have personal motives and aspirations.

- ◇ Human Resource Concept - The stage where employees are considered as assets.
- ◇ Personnel Management is the planning, organising, compensation, integration, and maintenance of people to contribute to organisational and societal goals.



Objective Questions

1. What is the primary focus of Human Resource Management?
2. What is the term used for attracting and retaining skilled employees?
3. What is the term for the skills and qualifications of employees?
4. What aspect of HRM ensures employees' needs are met in terms of health and safety?
5. How are the wages of workers fixed in the commodity concept?
6. According to the welfare concept, which aspect has a direct influence on employee performance?



Answers

1. People
2. Talent Management
3. Competencies
4. Welfare Aspect
5. According to demand and supply of labour.
6. Work Environment





Self-Assessment Questions

1. Discuss the importance of Human Resource Management in enhancing organizational success and employee well-being.
2. Describe the different scope of Human Resource Management in terms of personnel, welfare, and industrial relations.
3. Explain the various objectives of Human Resource Management in ensuring a productive workforce.
4. What do you mean by Personnel Management?
5. What is the difference between Human Resource management and Personnelmanagement?
6. What is the major objective in Personnel management?



Assignments

1. Talk with an HR Manager who is familiar to you and try to find about the employee related activities undertaken by his/her department in the organization. With the understanding you have gained, make an inference as to the closeness of these policies to Personnel Management and HRM.
2. Now that you have learned about different stages in the evolution of human resource management, you are familiar with the ways in which employees are presently treated in the organization. Try to form an opinion regarding the need for any other additional evolution in the field of HRM with respect to the ways employees should be treated in order to improve the employee contribution to the organization.
3. Contact an HR Manager known to you through your parents or relatives. Enquire him/her about the various responsibilities they experience in their work life and also ask them about the roles they perform. Try to relate the information collected with the facts that you have learned.



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Suggested Reading

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Unit - 2

Functional Areas of HRM



Learning Outcomes

After reading this unit, the learner will be able to;

- ◇ describe various approaches to Human Resource Management.
- ◇ explore the functions of HRM
- ◇ examine the various roles of Human Resource Managers



Prerequisite

On the first day at BrightWave Solutions, the HR manager, Meera, noticed something interesting about four employees in the marketing team. Each of them approached work in a completely different way.

Arjun needed frequent reminders to finish his assignments. If someone didn't follow up, he would easily postpone his work. In contrast, Divya was energetic and creative. She loved coming up with new ideas and often completed tasks even before deadlines. Then there was Kiran, who worked extremely hard whenever incentives or bonuses were announced. Without a clear reward, his enthusiasm seemed to drop. Finally, Sameer was someone who enjoyed solving difficult problems. He didn't wait for rewards or instructions; the excitement of the challenge itself pushed him to perform better.

As Meera observed them, she realised that managing people is not as simple as assigning tasks and expecting everyone to respond in the same way. Each employee brings a different attitude, level of motivation, and expectation to the workplace. What motivates one person may not motivate another. A strict supervision style might work for someone like Arjun, but it could discourage a creative employee like Divya. Reward systems might drive Kiran's performance, while Sameer may prefer autonomy and responsibility.

This situation made Meera think carefully about how organisations manage people. Clearly, a single method cannot work for everyone. Some employees need guidance and monitoring, some require encouragement and freedom to express

ideas, while others respond better to recognition and incentives. Because of these differences, organisations adopt different ways of managing their workforce.

This is where Human Resource Management (HRM) becomes important. HR managers study employee behaviour, understand what motivates people, and design suitable practices to help individuals perform well while also achieving organisational goals. They plan activities such as recruitment, training, performance evaluation, employee support, and workplace development so that employees with different personalities can work effectively together.

In this unit, we will explore the various approaches to Human Resource Management, the functions performed by HR departments, and the important roles played by HR managers in modern organisations. Understanding these ideas will help you see how organisations handle the complexity of managing people with diverse talents, motivations, and expectations.



Keywords

Administrative Role, Operational Role, Strategic Role, Behavioural Approach, Scientific Management Approach, Systems Approach, Human Resource Approach, Michigan Approach, Harvard Approach,



Discussion

1.2.1 Approaches to Human Resource Management

There is no single procedure or approach to deal with the issues associated with employees and the means to improve their efficiency and productivity. Given below are the approaches adopted by Human Resource Management:

1.2.1.1. Behavioural Approach

The approach considers all employees as individuals with different aspirations and motivational factors. Employees are ambitious, and various motivational factors can change their behaviour. The behaviour of the employee is influenced by factors such as very good working conditions, multiple amenities at work, remuneration, career development opportunities, etc. The organisation should take extra care in identifying the motivational factors associated with employee and deliver it to provide them with maximum job satisfaction, thereby improving their productivity.

Suppose for an individual, the motivational factor might be increased remuneration, while for another, it might be an opportunity to grow and advance his career. The



approach helps the organisation treat the two individuals separately and address both their aspirations.

1.2.1.2 Scientific Management Approach

This approach is based on the scientific management theory by F. W. Taylor. The approach states that every activity carried out in the HRM should be based on science. That is a collection of a systematically organised body of knowledge that encompasses the relationship between the work to be performed and the employees to carry it out. The above statement can be detailed in the case where an organisation has a job opening and how they approach filling it scientifically. The organisation should study details about the job to be carried out (Job Analysis) and aptly select the employees with the necessary qualifications, skill set, and mental attitude to carry out the job (Recruitment and Selection). Later, training and motivation should be provided to the selected workers in such a manner that it specifically helps them attain the required expectations of the organisation. Remuneration and compensation should be provided based on the efficiency and effectiveness of the workers, i.e. workers with better output should be rewarded more.

1.2.1.3 Systems Approach

Before going into the approach, let's try to understand what a system is. A system is an interrelated set of elements that function together to achieve a common goal. As per the Systems Approach, HRM is a major system that has a lot of subsystems. Every function associated with HRM Performance Appraisal, like Recruitment and Selection, Training and Development, Remunerations, Employee Welfare, Motivation, Industrial Relation, etc., are treated as sub-systems. The main function of these subsystems is to work in unity with the HRM to transform the employees into productive human resources.

Now, let's see how the Systems Approach works.



Figure 1.2.1 Stages in Systems Approach

The Systems Approach has three stages: Input, Process, and Output. We can look into these stages in detail.

Input

Employees are considered as the input here as employees are the resources with which the organisation's functions are to be performed. HRM considers employees to be assets because they are the factors of production that help an organisation achieve

a competitive advantage. Suppose any other factor of production, such as machinery, experiences a problem. In that case, it can be successfully replaced, but the same can't be done in the case of human resources, i.e. if an experienced senior person retires, it is hard to find a replacement.

Process

Processes are the series of stages through which the inputs (employees) are transformed into outputs (productive human resources).



Figure 1.2.2 Stages in Process

As you can see in the figure, the process is divided into three stages: Acquisition, Development, and Motivation.

- **Acquisition stages**

Here, the employees who are ideal for the job are selected by the organisation through a series of screening tests and interviews. They will be chosen once they are introduced to the organisation's staff and policies through induction. Finally, they are allotted responsibility for particular jobs through placement. The main aim behind this stage is to select the right people for the right job.

- **Development Stage**

In this stage, training is provided to employees to avoid any bottlenecks that may stall their productivity. Also, this stage offers career development opportunities for employees who wish to advance in their jobs.

Individuals who show promises and glimpses of geniuses in their work are provided with ample scope to grow and advance in their respective fields through guidance, a chance to attend national and international workshops, provision of organization-sponsored studies.

- **Motivation Stage**

Here, the employee's performance is assessed through various means to check whether they are performing in the right direction. Proper motivation is provided for employees in terms of remuneration and welfare activities to improve their productivity.

Output

This is what is expected out of the employees of the organisation. Output can be expressed in terms of factors, namely, increase productivity and better performance.

Readiness to change

Business always goes through a dynamic environment. So, for an organisation to survive, it must be able to introduce the required change at the right time. Employees should be able to adapt to the changes introduced by the organisation as well as the ones originating in the market. Conditions to function effectively. HRM takes special care with respect to this aspect.

Employee Satisfaction

It is the most important output expected out of HRM because only a satisfied employee will be motivated and committed to their job, which automatically improves productivity.

1.2.1.4 Human Resource Approach

Under this, employees are considered resources, assets, or investments that need to be properly developed, maintained, and utilised in such a manner that they will result in the mutual accomplishment of organisational and individual goals. As per this approach, employees get maximum motivation from the severity of the responsibility and the extent of autonomy provided to them rather than from the monetary compensation provided.

This means an employee who gets more responsibilities in the job and who can decide on their own without much interference from the superiors will get a feeling that the organisation values their capabilities, and for the trust the organisation gives, the employee repays through maximum commitment and highest productivity. So, HRM must systematically motivate employees and provide them with challenging opportunities.

1.2.2 Functions of HRM

Human Resource Management (HRM) plays a central role in ensuring that an organisation has the right people, with the right skills, at the right time, and keeps them motivated and productive. The functions of HRM can be broadly classified into

1. Managerial Functions
2. Operative Functions.



Figure 1.2.3 Functions of HRM

1. Managerial Functions of HRM

A Human Resource Manager is an integral part of the management team. Therefore, they perform basic managerial functions such as planning, organising, staffing, directing, and controlling within the HR department. These functions are similar to general management functions, but they are specifically applied to managing people effectively in the organisation.

- ◇ **Planning** - Planning is about looking ahead and deciding what kind of workforce the organization will need in the future. It answers questions like: How many employees are required? What skills should they have? It is said that HR managers plan the organization's future workforce requirements. For example, a growing IT company planning new projects may estimate the need for more software developers, data analysts, and testers in the coming months. Proper planning avoids both employee shortage and excess staff, ensuring smooth operations.
- ◇ **Organising** - Organising involves arranging tasks, responsibilities, and resources in a structured way. It ensures that work is divided logically, that employees know their roles clearly, and that coordination among departments and employees is efficient. Example: In a marketing department, employees may be grouped into teams such as digital marketing, content creation, sales, and customer support. Good organisation improves coordination and reduces confusion at the workplace.
- ◇ **Staffing** -. Staffing is one of the most important HR functions. It includes recruiting, selecting, training, and placing employees in suitable jobs. It ensures that the organisation has a competent workforce to achieve its objectives.

Example: A college recruiting qualified faculty members, training them, and assigning subjects based on their expertise.

- ◇ **Directing** -Directing focuses on guiding, leading, and motivating employees to perform their tasks effectively. It involves communication, leadership, and supervision. HR managers guide, supervise, and motivate employees to achieve organisational goals. Example: A manager encourages employees to meet deadlines through regular feedback and support.
- ◇ **Controlling** - Controlling ensures that actual performance matches the planned goals. It involves measuring performance, identifying deviations, and taking corrective actions. Example: Comparing employee performance with targets and taking corrective action if needed.

2. Operative Functions

The operative functions of HRM are related to specific activities like

1. **Employment:** -It is concerned with hiring the right people with the required skills to achieve organisational objectives. It includes:
 - a. **Job Analysis:** - It is the process of studying and collecting information relating to the Role & Responsibilities of a specific job.
 - b. **HR Planning:** - It is a process for determining and assuring that the organisation will have an adequate number of qualified persons, available at proper times, performing jobs, which would meet the needs of the organisation & which would provide satisfaction for the individuals involved.
 - c. **Recruitment:** - It is the process of searching for prospective employees and stimulating them to apply for jobs in an organisation.
 - d. **Selection:** - It is the process of ascertaining the qualifications, experiences, skills, knowledge, etc. of an applicant with a view to appraising his/her suitability for a job.
 - e. **Placement:** - It is the process of assigning the selected candidate to the most suitable job in terms of job requirements. It is matching employee specifications with job requirements.
 - f. **Induction & Orientation:** - Induction & orientation are the techniques by which a new employee is rehabilitated in the changed surroundings and introduced to the practices, policies, purposes & people of the organisation.
2. **Human Resource Development:** -It is the process of improving, moulding & changing the skills, knowledge, creative ability, aptitude, values, commitment, etc., based on present & future job organisational requirements. It includes.
 - i. **Performance Appraisal:** - It is the systematic evaluation of individuals with respect to their performance on the job & their potential for development.

- ii. **Training:** - It is the process of imparting to the employees technical and operating skills & knowledge.
 - iii. **Managerial Development:** - It is the process of designing & conducting suitable executive development programmes to develop the managerial & human relations skills of employees.
 - iv. **Career Planning & Development:** - It is the planning of one's career and implementation of career plans by means of education, training, job search, and acquisition of work experience. It includes internal mobility and external mobility.
 - v. **Transfer:** - it is a process of placing employees in the same level jobs where they can be utilised more effectively in accordance with their potentialities & needs of the employees & the organisation.
 - vi. **Promotion:** - It deals with upward reassignment given to an employee in the organisation to occupy a higher position which commands better status or pay, keeping in view the human resources of the employees & the job requirements.
 - vii. **Demotion:** - it deals with downward reassignment to an employee in the organisation.
 - viii. **Retention Management:** - employers prefer to retain more talented employees while they retrench less talented employees. Employers modify existing human resource strategies & craft new strategies to pay higher salaries, provide more benefits, and create a high-quality work life to retain the best employees.
- 3) **Compensation:** - It is the process of providing adequate, equitable & fair remuneration to the employees. It includes
- i. **Wage & salary Administration:** - It is the process of developing and operating a suitable wage & salary programme
 - ii. **Incentives:** - it is the process of formulating administering & reviewing the schemes of financial incentives in addition to regular payment of wages and salary.
 - iii. **Fringe Benefits:** - these are the various benefits at the fringe of the wage. Management provides these benefits to motivate the employees & to meet their life's contingencies. Example: - housing facilities, canteen facilities, medical facilities, disability benefits, etc.
 - iv. **Social Security Measures:** - management provides social security to their employees in addition to the fringe benefits. These include workmen's compensation, maternity benefits for women, medical benefits, retirement benefits like PF, pension, gratuity, etc
- 4) **Human Relations:** -It is the process of interaction among human beings. Human relations is an area of management in integrating people into work situations in a way

that motivates them to work together productively, cooperatively & with economic, psychological, and social satisfaction.

5. Industrial relations: - It refers to the study of relations among employees, employers, government & trade unions. It includes trade unions, collective bargaining, Quality circles, etc.

1.2.3 Roles of Human Resource Manager

The Human Resource Manager is the person in charge of the Human Resource Department. They are the go-to person for all employee-related issues. Being an HR Manager is one of the most challenging jobs one can experience.

Because people are the most important assets of an organisation and since they are from different backgrounds, it is difficult to keep everyone happy. The satisfaction and well-being of employees are necessary to ensure the productivity of an organization. Contrary to the general thought, the role of HR manager is not just confined to the hiring process alone. Let's look into the various roles of the HR manager in detail to maintain the organisation as a well-connected and harmonious unit.



Figure 1.2.4 Role of HR Manager

According to R.L Mathis and J. H Jackson, the HR manager can perform in different roles. The nature of these roles depends on the company management's expectations of the HR Manager and the skills possessed by the HR manager. Accordingly, the current roles of an HR manager in an organisation can be classified as:

1.2.3.1 Administrative Role

What do you mean by administration? It is the various processes undertaken for the successful running of a business. Who runs the business? The company's top management runs the business. So, the administrative role of the HR manager is a supporting role that helps the top management in successfully running the company. The following are the administrative roles performed by the HR manager:

Policy Maker

Policies are the principles or courses of action adopted by the organisation in making various decisions. So, where does the HR manager fit as a policymaker? HR managers assist the top management in setting up policies regarding employee administration etc.

For example, a company's policy of providing bonuses to its employees in festive seasons is set up in consultation with the HR manager.

Administrative expert

Several administrative functions, such as maintaining employee records, dealing with issues of leaves, taking care of employee transportation facilities, and handling employee benefit claims (child care benefits, free gym membership, etc.), etc. are performed by the HR manager.

For example, providing transportation facilities to employees during the day of the strike is an administrative function as it will affect the entire working of the organisation, and the HR manager will handle this.

Advisor

A line manager is a department manager who manages the work of respective departments. Line managers are people who give directions to the employees and are involved with them daily. HR managers act as advisors to line managers in providing training settling disputes, grievances, etc.

For example, a marketing manager directs the new sales executive to meet some of the prospective clients of the company the next day. But the sales executive lacks the confidence to do that. Since he is not very close to the marketing manager, he may not reveal his situation to the marketing manager. Still, he may reveal his problems to the HR manager as he has more interaction and connection with him during the hiring period. So, the HR manager advises the marketing manager to provide sufficient training to the executive before sending him out in the field.

Counsellor

HR manager assigns the role of a counsellor and guides employees in dealing with problems on the job, as well as superiors, peers, family, etc.

For example, an employee might go through a rough personal patch as the employee and spouse are separated. This situation will affect the employee's productivity and behaviour in the company. HR manager identifies the problem, talks with the employee regarding the personal issue, and conveys all the support needed to overcome the situation. At times, this mental support will be enough to improve from a traumatic situation.

Welfare Officer

Welfare means the health, happiness, and comfort of the employees in the organisation. As mentioned in the prerequisite, the HR manager is responsible for handling welfare activities that are carried out in the organisation.

Examples of welfare activities are the maintenance of organisational amenities (lighting, ventilation, etc.), cleaning, recreational, health care, canteen, etc.



Legal advisor

In an organisation, there are a lot of disputes, grievances, disciplinary issues, etc. This is common in a setup that comprises people from different backgrounds. HR Manager will be the person who has the first hand and the detailed information regarding these issues in the organisation. HR managers take necessary steps with the involvement of top management to prevent these issues from escalating and solve them within the organisational premises. However, if it goes beyond his scope to the labour court, then the HR manager works hand in hand with the company lawyer to resolve the issues legally.

1.2.3.2. Operational Roles

The operational role refers to the administration of best business practices to achieve maximum efficiency and effectiveness in terms of the utilisation of organisational resources. This includes proper management of materials, machinery, money, and men of the company. We have already stated that men are the most important resources of the organisation because other resources, such as materials, machinery, and money, can be properly utilised by men.

Let's understand the above statement using a scenario. A company hires the most efficient person for a particular job. This employee is so efficient that they reduce the wastage of raw materials. The employee is quick in finishing the task, which means they free the machinery for other activities. These above factors will collectively result in an overall reduction in production cost (money) for the organisation.

So, we can conclude that the operations of an organisation can be effectively managed by managing the employees of the organisation. Therefore, the operational role becomes a crucial area for the HR manager. We can look into the various administrative roles handled by the HR manager.

Recruiter

In the current scenario, there is so much competition in the human resource market that it is difficult to find the most suitable employee for a particular job. The HR manager has the responsibility to find the right person for the right job at the right cost. Employee hiring should be efficient, but it should be done in such a way that it doesn't put a financial burden on the organisation.

For example, the IPL team Chennai Superkings needs an all-rounder, which specifically means that they need a player who can bat, ball, and field properly. So, the HR manager should look for an all-rounder rather than a specialist batter or bowler. Also, the HR manager should spend the money judiciously on the all-rounder because they might need it to purchase other players as well.

Trainer

HR managers should identify the employees who require training by constantly

interacting with and monitoring them. Initiative should be taken by the HR manager to arrange various effective training regimes for the employees.

Liaison Officer

A liaison is a person who helps different departments of an organisation to work together by providing required information to each other. Every organisation consists of various departments, such as design, finance, production, marketing, etc. What is the one thing that is common between these departments? You can see that whatever the function, every department has employees working in it. Because of the presence of these employees, the HR manager has a common association with all departments of the organisation. HR managers take the necessary steps to properly convey the required information between various departments properly, thereby helping the organisation function properly as a single unit.

Mediator

The organisation is prone to disputes and conflicts of many kinds. The organisation needs someone to settle these disputes and create an agreement between the involved parties by acting as an intermediary. But for that to happen, the supposed person must be familiar with and acceptable to both parties. Who better than the HR manager can handle this role? The HR manager is the person who is common in all activities of business.

Employee Champion

HR manager acts as the voice of the employees. The employees raise their concerns about various policies, changes, etc., to the management through the HR manager. HR managers often act as advocates for employees. For example, if the employees are not happy with the organisation's bonus plans, the HR manager will raise the issue on their behalf in the organisational board meeting.

1.2.3.3 Strategic Roles

The word strategic means identification of the long-term or overall goals and the means undertaken to achieve them. This role is mainly handled by top management, but since it requires a lot of expertise, people with in-depth knowledge and understanding of the organisation are necessary to be part of the decision-making team. So, the HR manager becomes an automatic choice. Let's look at various strategic roles undertaken by the HR manager.

Strategic Partner

HR managers assist the management in making some strategic decisions that have a lasting impact on the overall goals of the Organisation. Let us look into a scenario where an HR manager undertakes strategic decisions.



Conducting workforce planning to anticipate the retirement of employees in the organisation and formulate necessary strategies to fill the vacancies and reduce the impact of retirement on the organisation. For example, when a senior manager is about to retire in six months, the HR manager plans on hiring a skilled candidate but at the same time initiates the concerned authorities to start a succession plan, i.e. train an existing candidate to fill up the position of the retiring senior manager.

Change Champion

Since the business environment is very dynamic, changes are necessary for an organisation to survive. HR managers help the organisation incorporate the essential strategic changes required for its survival by educating the employees and slowly adapting them to the changes.

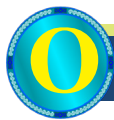
For example, when the organisation plans for mergers or acquisitions with other organisations, employees will be distressed about the proceedings because they fear losing jobs or their respective positions and will be worried about the change of job as well as authority. HR Manager is the person who will guide the employees through his transition phase by providing them with the necessary information and thereby alleviating their fear of change.



Recap

- ◇ Behavioral Approach –The approach considers all employees as individuals with different aspirations and motivational factors. The behaviour of the employee is influenced by factors such as very good working conditions, various amenities at work, remuneration, career development opportunities, etc.
- ◇ Scientific Management Approach – This approach is based on the scientific management theory by F. W. Taylor. The approach states that every activity carried out in the HRM should be based on science.
- ◇ Systems Approach – As per the Systems Approach, HRM is a major system that has a lot of sub systems. Every function associated with HRM, like recruitment and selection, training and development, performance appraisal, remuneration, employee welfare, motivation, industrial relations, etc., is treated as a sub-system. The main function of these subsystems is to work in agreement with the HRM to transform the employees into productive human resources.
- ◇ Human Resource Approach – Under these, employees are considered as resources, assets, or investments that need to be properly developed, maintained, and utilised in such a manner that it will result in the mutual accomplishment of organisational and individual goals.

- ◇ The Human Resource Manager is the person in charge of the Human Resource Department. They are the go-to person for all employee-related issues.
- ◇ Roles of Human Resource Manager can be categorised as Administrative, Operational, and Strategic
- ◇ Administrative Role - The administrative role of the HR manager is a supporting role that helps the top management in successfully running the company.
- ◇ Operational Roles - Operational role refers to the administration of best business practices to achieve maximum efficiency and effectiveness in terms of the utilisation of the organisational resources.
- ◇ Strategic Roles - The word strategic means identification of the long-term or overall goals and the means undertaken to achieve them.



Objective Questions

1. What role of the HR manager supports top management?
2. Which HR role focuses on achieving organizational goals?
3. What role in HRM focuses on long-term goals?
4. According to which approach motivational factors influence employee behaviour?
5. Who proposed Scientific Management Approach?
6. What are considered inputs in a systems approach to HR?
7. What is the main output expected out of the systems approach?



Answers

1. Administrative
2. Operational



3. Strategic
4. Behavioral Approach
5. F. W. Taylor
6. Employees
7. Increase in employee productivity



Self-Assessment Questions

1. What are the different roles of a Human Resource Manager?
2. Explain the operative functions of HRM?
3. What is meant by 'Systems Approach'?
4. Explain the behavioural approach of HRM?
5. Give a brief account of the evolution of HRM as a functional area in any organization.
6. Explain the strategic roles undertaken by the HRM in the organisation



Assignments

1. Contact an HR Manager known to you through your parents or relatives. Enquire him/her about the various responsibilities they experience in their work life and also ask them about the roles they perform. Try to relate the information collected with the facts that you have learned.
2. Interact with an HR Manager who is familiar to you and tell him/her about the approaches you have learned. Ask them if the policies they follow to deal with the employees in the organization is similar to any one or combination of the approaches you have learned.
3. Make a list of the famous mergers and acquisitions happened in India during the recent years and try to collect details regarding the major

HR policies undertaken by the HR department and top management of the respective companies in successful implementation of the merger/ acquisition.



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Suggested Reading

1. Prasad, L.M. (2020). *Human Resource Management* – Sultan Chand and Sons.
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BLOCK - 02

Human Resource Planning (HRP)

Unit - 1

Introduction to Human Resource Planning



Learning Outcomes

After completing this Unit, the learner will be able to;

- ◇ familiarise the concept of Human Resource Planning
- ◇ explore the features and importance of HR Planning in organisations
- ◇ explain the process of HR Planning
- ◇ describe Strategic HR Planning and differentiate it from conventional HR Planning



Prerequisite

Imagine a small coastal city preparing to host a large international cultural festival. The event will attract thousands of visitors from different countries. The city administration begins planning several years. They renovate public spaces, improve transportation, build new venues, and organise accommodation facilities

However, soon the organisers realise that buildings, roads, and infrastructure alone cannot make the event successful. They need people—tour guides who can speak multiple languages, event coordinators to manage programs, technicians to handle lighting and sound systems, security personnel to ensure safety, and volunteers to guide visitors. If the organisers fail to arrange the right number of people with the right skills at the right time, even the best infrastructure may not deliver the expected experience.

Therefore, the city authorities start planning carefully. They estimate how many people will be required for different roles, identify the skills needed, train volunteers, and coordinate with organisations that can provide skilled professionals. This preparation ensures that when the festival begins, everything runs smoothly.



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This example reflects an important idea in organisations as well. Just like the festival organisers plan their human resources, organisations must also plan their workforce carefully. A company cannot suddenly start searching for employees when work increases. If it does so, it may face delays, skill shortages, or unnecessary costs. To avoid such problems, organisations carry out Human Resource Planning (HRP), also known as manpower planning.

Human Resource Planning is the process through which an organisation identifies how many employees it will need in the future, what kind of skills they should possess, and when they will be required. In simple terms, it ensures that the organisation has the right people, with the right skills, in the right place, at the right time

In this unit, we will explore the concept of HRP and discuss why manpower planning is important for organisations. Understanding the concepts will help you see how organisations prepare their workforce in advance to achieve their long-term goals effectively.



Keywords

Human Resource Planning, Strategic Human Resource Planning, Succession planning, forward-looking, proactive, employee turnover, manpower inventory, action plan, workforce gap.



Discussion

2.1.1 Human Resource Planning (HRP)

During the COVID-19 pandemic, countries around the world faced an unexpected and serious health crisis. India was also significantly affected, and the government had to take several steps to control the spread of the virus and support patients who required medical care. In such a situation, many resources became essential—medical oxygen, ventilators, hospital beds, N95 masks, and PPE kits. Although shortages of these materials created challenges, they could still be produced or supplied within a short period of time.

However, one resource was far more critical and difficult to replace quickly—skilled healthcare professionals such as doctors and nurses. If hospitals did not have enough trained medical staff, patient care would suffer regardless of how many beds or machines were available. Recognising this challenge, the government anticipated the need for additional medical personnel as COVID-19 cases increased. Several measures were introduced to address the situation. For instance, doctors who served on COVID

duty were given incentives such as grace marks in postgraduate entrance examinations. In addition, final-year medical students were allowed to assist in treating patients under the supervision of experienced doctors.

These actions illustrate an important concept in management: planning for human resources in advance. The government carefully estimated the number of medical professionals required and created strategies to ensure their availability. This type of planning is known as Human Resource Planning (HRP).

Human Resource Planning is an important function of Human Resource Management. It is also referred to as manpower planning, personnel planning, or employment planning. In simple terms, HRP involves identifying how many employees an organisation needs, what skills they should have, and when they will be required to perform specific tasks. It helps organisations match their workforce requirements with the availability of people who possess the necessary knowledge and abilities.

According to Bruce P. Coleman, “Manpower planning is the process of determining the workforce requirements and the ways of meeting those requirements to carry out the organisation’s overall plans.”

Thus, Human Resource Planning helps organisations ensure that they have the right number of people with the right skills at the right time to achieve their objectives effectively.

2.1.2 Features of Human Resource Planning

As we have gone through the definition, we will now look into the important features of Human Resource Planning to get a comprehensive understanding of the term. Given below are the features of HRP:

- ◇ **Forward-looking** – Human Resource Planning tries to assess and plan the human resource requirement of the organisation. Like any other resource or commodity, the workforce will also have supply and demand associated with them in the market they perform. HRP aids in forecasting of human resource needs of the organisation, which will help in avoiding a shortage of workers in the future due to scarcity of worker supply.

For instance, many reputed companies conduct campus recruitment from prestigious institutes like IITs, IIMs, etc., much earlier than usual for conducting campus recruitments as they might have a greater need for a qualified workforce in the future. By doing this, they try to reduce competition from their close rivals regarding quality human resource procurement.

- ◇ **In sync with organizational needs** – HRP is always done in alignment with the needs and objectives of the organization. i.e., human resource plans are revised and modified based on changes in organizational strategies or changing business conditions.



- ◇ **Proactive** – It doesn't wait for a situation to happen to act. Human Resource planning is made in advance in anticipation of an organization's employee requirements for a future period.
- ◇ **Continuous Process** – HRP is not a one-time process, which means it continuously analyses and takes measures to maintain the required number of employees in an organization from time to time.
- ◇ **Right number of right people at the right time** – We know that some other professionals cannot substitute the requirement of qualified doctors to fight the coronavirus pandemic because doctors are the right people to carry out that job. This is the motto of HRP. An organization's success doesn't merely depend upon the procurement of a sufficient number of employees at the correct time. It is important that, the hired workforce should be skilful enough to perform the required task. So, HRP takes measures to employ qualified people in the right numbers at the right time to get the job done for the company.

2.1.3 Need/Importance of Human Resource Planning

From the definition and features of Human Resource Planning, we can summarise that HRP helps an organization in hiring the right people in the right numbers at the right time to achieve its objectives. But apart from this major objective, an organisation needs HRP to perform some other significant tasks as well. The lists of organisational needs that are fulfilled using HRP are given below.

i. Expansion of business

Zomato began in 2008 as an online restaurant search website that contains details and advertisements of restaurants. At present, Zomato operates in more than 20 countries and has the details of more than one million restaurants worldwide. Now Zomato is offering food delivery services by allowing customers to place orders on its website. As you can see, Zomato has grown by leaps and bounds, and for its expansion, employees with different skills, from managers and IT professionals to delivery guys, were required. The HRP done by Zomato management helps it in the employee hiring process. So, we can say that for the expansion of any business concern, there will be in need to hire more qualified people, and HRP helps the organizations in this aspect.

ii. Prepare people for the future

HRP not only helps organisations determine the number of workers needed for the future but also helps as certain the skill set required by the workers to perform certain functions in the future. Suppose a car manufacturing firm decides to expand its operations to the manufacturing of agricultural equipment like tractors, the HRP of the firm assesses the additional skills required for its existing workforce to assist in tractor production. Then HRP takes required measures to provide necessary training to the work force to prepare them for future operations.

iii. Reduction in employee turnover

One of the most difficult challenges faced by an organization is the departure of skilled and trained employees over time. The higher rate of employee turnover will negatively affect the organisation in terms of the amount spent for training the employees and the difficulty of filling the vacancies in a short period. Some studies have suggested that organisations, on average, take about a month to complete their new hiring process. This time lag will adversely affect the operations of a company. Some of the major reasons for employee turnover are:

- ◇ Lack of career advancement opportunity
- ◇ Poor behaviour and management of the supervisors
- ◇ Lack of training and resources to perform the job etc.

Efficient manpower planning takes account of the rate of employee turnover in the organization, analyses the reasons for the turnover, and directs management and the concerned department to take measures to reduce employee turnover.

iv. Reduction in workforce cost

Let us see how cost is associated with the workforce in an organisation through certain scenarios. The marketing team of a firm wants to attend a conference organized by the IIMs regarding break throughs and innovations in marketing. The design department is asking for the purchase of new software that is user-friendly, the manufacturing department is requesting for additional workforce, HR department wants to immediately repair the biometric attendance machine as it wants to track the timings of the employees effectively.

Now these are all costs associated with workforce, and if all these requests are accepted, the organisation's overall cost will be very high. So, how do they control the cost associated with the workforce? HRP effectively prepares an HR budget for each department, and the departments will be allowed to spend only as per the budget allotted. The management will permit the spending based on priority. This will help in cutting workforce costs. Apart from this, a reduction in employee turnover will also help an organization in reducing the cost associated with its employees.

v. Uninterrupted production

Take the case of a car manufacturing firm; the interior components of the car, such as stereo, speakers, dash panels, interior lights, etc., are assembled during the last stage of car manufacturing after the major production work is completed. What happens if the interior components department lacks sufficient staff? Or what if the employees working in the department are inefficient? It will result in the stoppage of process of the department which act as a bottleneck in the whole car manufacturing process or slow down the entire production process no matter how quickly or efficiently the other departments function.



Proper HRP will help the organisation place the right people in the right numbers at the right jobs, thereby avoiding any unnecessary interruptions in the production process.

vi. To induce fresh blood in the organization

Consider the case of an IT firm that gets an opportunity to develop software for hospitals. The software is meant to assist the Hospitals maintain a very efficient electronic patient record system, thereby phasing out the obsolete manually written patient record files. Now for this software development, the IT company requires employees who have problem-solving skills and an excellent command of programming languages. The firm's existing workforce is experienced, but they are not well-versed in new programming languages. So, the IT firm can solve the issue only by recruiting some fresh employees with the required credentials.

HRP paves the way for the induction of fresh blood into organisations so that they can keep up with the technological advancements around them.

vii. Succession planning

Let us hypothetically look at the chain of events that arose in the Facebook company when its CEO, Mark Zuckerberg, suddenly decided to quit his job one day. Facebook will immediately face the uphill task of finding a quick and suitable replacement for Zuckerberg, and that too in a short time. The selection of a new CEO will become a big responsibility and a headache as the new replacement is supposed to fill the shoes of Mark Zuckerberg, who is widely accepted and respected throughout the world. Eventually, when the new replacement is made, all the employees and operations of Facebook will take time to adjust to the new CEO. If the new CEO is not creative and efficient, then a whole lot of other trouble follows. Facebook will not be in this precarious position because Facebook has a robust succession planning strategy.

An efficient Succession planning strategy ensures that ideal employees within the organisation are motivated, trained, and kept ready at all times to take up the responsibilities as and when the planned or unplanned departure of top officials takes place. HRP takes the initiative to promote succession planning in every organisation. So, Facebook will have someone within itself to hold the remains when somewhere in the future, Zuckerberg decides to call it a day.

2.1.4 Objectives of HRP

Let's begin with a simple situation. Imagine a hospital that suddenly gets more patients during the monsoon season. If it doesn't have enough nurses and doctors at the right time, patient care suffers. On the other hand, if it hires too many staff during low-demand periods, it increases unnecessary costs. This is exactly where Human Resource Planning (HRP) becomes important. In simple terms, HRP ensures that an organization has the right people, with the right skills, at the right time.

Now, let's understand its objectives one by one, clearly and practically.

1. **Forecasting Future Workforce Needs** - One of the key objectives of HRP is to forecast workforce requirements. This involves analyzing the current workforce and predicting future needs based on organizational goals, market trends, and technological advancements. By identifying gaps in skills and staffing levels, HRP helps organizations prepare for expansion, technological shifts, or changes in operational demands.
2. **Maintaining the Right Number of Employees** - Having too many or too few employees create problems in an organisation. Ensuring an optimal workforce size is an important objective of HRP. Too many employees in an organisation lead to higher salary costs, low productivity, whereas few employees create heavy work pressure, delays, and poor quality. Proper HRP ensures a balance between employee demand and supply.
3. **Developing and Retaining Talent** - Employees are not just resources; they are assets that grow over time. HRP focuses on: Training employees, improving their skills, preparing them for higher roles.
4. **Preparing for Future Risks** - Proper HRP helps organizations stay prepared. Mitigating risks associated with workforce changes is another significant objective of HRP. Organizations face uncertainties such as employee turnover, retirements, and economic fluctuations. Effective HR planning anticipates these challenges and prepares strategies to minimize their impact, ensuring business continuity and stability.
5. **Improving Organizational Flexibility** - HRP contributes to enhancing organizational adaptability. In today's dynamic business environment, organizations must be flexible enough to respond to changes such as technological disruptions, globalization, and evolving customer demands. HRP helps create a workforce that is agile, resilient, and equipped to handle such transformations effectively.
6. **Ensuring Legal and Ethical Compliance** - An important objective of HRP is to ensure compliance with labor laws and ethical standards. By planning for legal and regulatory requirements, HRP prevents potential disputes and ensures that the organization adheres to fair employment practices.
7. **Aligning Employees with Organizational Goals** - HRP also strives to align human resources with organizational goals and culture. By understanding the organization's vision and values, HRP ensures that workforce planning supports strategic objectives, fosters a positive work culture, and drives employee engagement. This alignment is crucial for achieving long-term business success.



To sum up, the objectives of Human Resource Planning are multifaceted and essential for the sustainable growth of an organization. By forecasting workforce needs, optimizing staffing levels, developing talent, and aligning HR strategies with organizational goals, HRP enables organizations to remain competitive, adaptive, and well-prepared for future challenges.

2.1.5 Process of Human Resource Planning

You have learned about HRP and the significance it has for an organisation. You are also familiar with the fact that Human Resource Planning is a function of Human Resource Management. Now the question is, who is responsible for formulating the human resource plans in an organization? And what are the various steps involved in the development of an ideal human resource plan? Answers to these questions will be discussed in the following section.

It is the responsibility of the HR department to formulate the human resource plans for an organisation. HRP will be composed of the staff of the HR department under the guidance and supervision of the HR manager. HRP is not generated all of a sudden. An ideal HRP is developed with the ever-dynamic business environment in mind. Formulation of HRP is a systematic and cautious process, and the stages involved in its final development are given in sequential order. Each stage is represented as an answer to a question by the HR department regarding the employee requirements of an organization. This is done to help you remember the stages in HRP with ease.

i. Preparation of manpower inventory - What is the current strength of the workforce?

The success of every organization depends on the quantity and quality of the human resources it possesses. A qualified workforce plays an important role in an organization successfully achieving its short-term and long-term goals. So, every organization needs to maintain a record of the existing human resources to perform daily operations without any hindrances. The assessment of the current workforce is made in terms of their numbers, qualifications, skills, and experience. In a way, this workforce assessment is similar to the organisation's inventory (raw materials) management, which routinely records to avoid stoppage in production

ii. Forecasting workforce requirements -What is the workforce demand for the future?

An organisation can stand the test of time only if it can forecast the future changes in the business conditions and make necessary adaptations to the changing scenarios. When an organization foresees an opportunity to attain greater growth in the future, it will suddenly assess the resources it possesses to meet the future opportunity. Employees are the ultimate resources, so the HR department projects the total number of employees required by an organisation to meet the requirements in the future. The employee requirement is assessed not merely by the total number of necessary workforces but specifically in terms of their roles, such as managers, supervisors, workers, supporting staff, etc.

We have already discussed the case of Zomato's expansion. Even before Zomato's expansion took place, its HR department made a detailed analysis of the workforce in terms of IT professionals, managers, supervisors, delivery guys, etc., required to attain future expansion.

iii.Determination of workforce gap – Do we have a shortage or surplus in the workforce?

Assessment of workforce inventory in the first step reveals the availability of workers, forecasting in the second step discloses future workforce requirements. From the available data, the HR department will find out the workforce gap the organisation has in terms of achieving future goals. Now, don't assume that the workforce gap always represents a shortage of employees. In some cases, it indicates the surplus of employees in the organization for future needs. For instance, an organisation decides to discontinue certain lines of its business operations in the future due to lack of profit. This will result in a reduction in workforce requirements for the future.

iv.Preparation of action plan – How do we address the workforce gap?

The HR department prepares an action plan with respect to the findings of the workforce analysis. If the workforce analysis reveals a surplus of workers, then the HR department will draw suitable plans for redeployment or layoff of the excess workforce. This involves employees being transferred to other departments or branches where there is a requirement. In cases where these options are not available, the excess employees will be laid off in consultation with the trade unions.

However, if the workforce gap analysis reveals a shortage of workers, then the HR department will look for ways to recruit more workers.

v.Analysis of supply – From where will we get this workforce?

Once an organization has decided to expand, it will obviously need to recruit more workers. Then, naturally, the next question will be about where they will procure this workforce. A skilled and qualified workforce will always remain a scarce resource. So, the HR department should explore various sources to tap the precious workforce. It prepares a recruitment and selection plan that essentially covers all the vital sources offering a quality workforce.

For example, an organisation looking for employee recruitment will seek various sources, such as campus recruitments, job fairs, employment agencies, etc., to obtain skilled and qualified workers.

vi.Monitoring and Control – How do we ensure that the above plans are executed?

Any plan, however efficient it may be, will not produce the desired result if it is not properly executed. So, what is necessary to implement a plan? A plan requires constant evaluation and monitoring at all stages for its successful execution. So, the HR department persistently monitors the plan. If deficiencies are found at any stage,

then immediate remedial measures are put in place to correct these deficiencies. HR department constantly modifies the Human Resource Plans in order to align it with the strategies taken by the organisation at various stages.

If an organisation had opted for an expansion strategy and, due to some unexpected financial constraints, decided to cease the expansion plans for the time being, then the human resource plans regarding employee assessment would have been modified accordingly.

2.1.6 Factors Influencing HRP

Let's begin with a simple observation. Think of a hospital, a start-up, or even a college. One year, they recruit actively, and the next year, they suddenly pause hiring. This is not accidental. Such decisions are responses to various forces acting on the organization. These forces are the factors influencing Human Resource Planning (HRP). HRP does not happen in isolation. It is shaped by both external conditions and internal decisions. To understand it clearly, let's first look at the external factors.

A) External Factors (Outside the Organization)

These are forces that organizations cannot control, but must respond to intelligently.

1. Government Policies

Government decisions directly affect hiring. For example, changes in labour laws, reservation policies, or wage regulations can force companies to rethink their workforce structure.

2. Level of Economic Development

The economic condition of a country shapes the availability and quality of the talent workforce. Economic conditions, such as during boom times, mean hiring more workers; whereas recessions mean layoffs or freezes. Example: During India's post-COVID recovery, companies ramped up HRP for digital skills.

3. Business Environment

The business environment plays a crucial role in shaping HR planning decisions. Organizations do not operate in isolation; they are constantly influenced by market demand, competition, customer preferences, and economic conditions. When the market is growing and demand for products or services increases, organizations naturally expand their workforce to meet this demand. On the other hand, during periods of economic slowdown or uncertainty, companies tend to become cautious. They may slow down recruitment, freeze hiring, or even reduce their workforce to control costs and survive tough conditions.

4. Level of Technology

Technology has a powerful impact on Human Resource Planning because it changes not just how work is done, but also who is needed to do it. As organizations adopt

new technologies, the focus shifts from routine, manual tasks to more specialized and knowledge-based roles. Example: In the banking sector, traditional roles like clerks handling paperwork are gradually declining. With the rise of digital banking, banks now require professionals such as data analysts, cybersecurity experts, and IT specialists to manage online transactions and ensure data security. This shows that HR planning must continuously evolve to match technological advancements and ensure the organization has the right talent for the future.

B) Internal Factors (Within the Organization)

These are factors that the organization can largely control and align with its long-term strategy. They directly shape how HRP is designed and implemented.

- 1. Organizational Goals and Strategies:** Organizational goals and strategies form the foundation of Human Resource Planning, as every HR decision begins with a clear understanding of where the organization is heading. When an organization changes its direction, its HR plans must also adapt accordingly. For instance, if a company is planning expansion, it will require additional employees; if it is diversifying into new areas, it will need people with new and specialized skill sets; and if it is focusing on cost reduction, it may aim for a lean workforce with optimal utilization of existing employees. In simple terms, HR planning is closely aligned with strategic objectives.
- 2. Human Resource Policies:** Human Resource policies act as guiding principles that shape how employees are hired, trained, promoted, and retained within an organization. These policies cover key areas such as recruitment, promotion practices, training and development priorities, and compensation structures. They provide consistency and direction to HR planning decisions. For instance, a company that follows a “promote from within” policy will place greater emphasis on developing its existing employees through training and career growth opportunities, rather than relying heavily on external recruitment.
- 3. Organisational structure:** The structure of an organisation influences how jobs are designed and how many employees are needed in an organisation. In a tall structure, there are many levels of management, so more managers are required. In contrast, a flat structure has fewer levels, so employees are expected to handle multiple tasks and responsibilities. For example, Start-ups usually follow a flat structure, so they prefer employees who are flexible and can perform different roles instead of focusing on just one specialized area.
- 4. Workforce characteristics:** Workforce characteristics refer to the features of the existing employees, which directly influence HR planning. This includes factors like employees’ age, skills, experience, turnover rate, and absenteeism. Understanding these helps the organization plan better for future needs. For example, if many employees are close to retirement, the organization must



prepare by training new employees or planning for succession to ensure continuity of work.

5. **Organizational culture:** It refers to the way things are done in an organization. It influences the type of employees the organization needs. An innovative culture looks for creative and risk-taking individuals, while a conservative culture prefers experienced and stability-oriented employees. Example: A tech start-up encourages experimentation, so it focuses on hiring flexible and innovative people rather than those who strictly follow rules.
6. **Financial position of the organization:** The financial position of the organization plays a key role in HR planning because hiring depends on how much the organization can afford. When the financial condition is strong, the organization can hire more employees and invest in training. But when finances are weak, it may freeze hiring or even reduce staff. Example: During financial difficulties, even well-performing companies may postpone hiring to maintain stable cash flow.

Human Resource Planning is not a one-time or isolated activity; it is a continuous and dynamic process influenced by multiple factors both outside and within the organization. External factors such as government policies, economic conditions, business environment, and technological changes create opportunities as well as challenges that organizations must respond to. At the same time, internal factors like organizational goals, HR policies, structure, workforce characteristics, culture, and financial position shape how these responses are planned and implemented.

Effective HRP, therefore, requires a balanced understanding of both these forces. Organizations that closely monitor external changes while aligning their internal capabilities are better prepared to make informed workforce decisions.

2.1.7. Strategic Human Resource Planning

We have witnessed the scenario where telecom companies Vodafone and Idea merged to face the competition from Reliance Jio. This long-term plan adopted by Vodafone and Idea for their survival can be called strategic planning. So, strategic planning can be defined as the ascertainment of the overall organisational goals and the means to achieve them. Now that you have acquired an understanding of strategic planning, let's move on to Strategic Human Resource Planning.

Consider the above scenario where Vodafone and Idea had strategically planned to merge to gain an upper hand in the telecom industry. Now, what might be the aspect that concerns the management of both companies when they make a strategic decision to merge? It will certainly be the availability of sufficient resources to meet the opportunities in the future. Of all the resources, we know that employees are vital to any organisation. So, Vodafone and Idea will have to assess the human resources they possess in order to carry out their strategic plan to merge successfully. This human resource

assessment will help organisations identify the deficit or surplus of human resources and make necessary decisions for the smooth implementation of the strategic plan. This whole procedure is strategic human resource planning.

2.1.8. Human Resource Planning Vs Strategic Human Resource Planning

Strategic human resource planning is the long-term plan that helps a company to match its internal strength in terms of employees with external opportunities. It focuses on timely recruitment and proper utilisation of qualified workforce. We will now try to understand more about Strategic human resource planning and its features by looking at the differences it has with respect to conventional human resource planning. The differences are presented through a series of questions.

Table 2.1.1 HRM Vs Strategic HRM

<i>Basis of comparison</i>	<i>Conventional Human Resource Planning</i>	<i>Strategic Human Resource Planning</i>
What is it?	It helps in analysing the human resource requirement of the organisation with respect to the workforce supply available in the market of which the organisation is a part.	Strategic human resource planning is the long-term plan that helps a company to match its internal strength in terms of employees with external opportunities.
What is its objective?	It deals with the determination of the number of people required in an organisation to perform a particular task within a specific time frame.	It will help organisations identify the deficit or surplus of human resources they possess in terms of employees and make necessary decisions for the smooth implementation of the strategic plan.
What impact does it have on the organisation if it weakens?	Quite impactful as the organisation's immediate performance will be affected.	It will create adverse effects to a great extent, as the organisation's very existence will be in jeopardy.
At what management level is it formulated?	It is formulated at the middle level (HR Manager) as it is a routine process.	It is organised at the strategic level (top management) with assistance from the middle level (HR Manager) as it is a complex process.



What is the period of its impact?	It has a short-term effect.	It has a long-term impact.
How wide is its scope?	Limited scope as it is confined to immediate human resources requirements alone.	Wider scope as it deals with human resource estimation to suit the organisation's long-term strategy plans.

2.1.9 Forecasting Human Resource Needs

In today's fast-changing business environment, organizations cannot afford to rely on guesswork when it comes to managing people. This is where HR forecasting becomes essential. HR forecasting is the process of predicting future workforce needs, identifying possible skill gaps, and assessing the availability of talent so that organizations can make informed and timely decisions. It helps management plan rather than react to situations as they arise. By understanding and applying HR forecasting, organizations can better prepare for future challenges, make the most of new opportunities, and ensure they have the right people in place to achieve their goals.

In simple terms, HR forecasting answers two important questions: How many employees will be needed in the future? And what kind of skills should they have? By identifying these requirements in advance, organizations can avoid problems such as a shortage of employees or having excess staff.

HR forecasting is the process of predicting future HR needs and trends within an organization. It involves analyzing data, trends, and external factors to anticipate changes in the workforce and plan accordingly. For instance, a technology company may use HR forecasting to predict the demand for software developers in the next year based on industry trends and project requirements. By forecasting this need, HR can start recruiting early, providing training programs, and ensuring they have the right talent in place to meet the demand.

HR forecasting involves analyzing past data, current workforce trends, and future business plans. It also considers external factors such as industry trends and technological changes. Organizations may examine aspects like employee turnover, workload, productivity levels, and market demand to make accurate predictions. Both quantitative methods (such as trend analysis and workload analysis) and qualitative methods (such as expert judgment and managerial experience) are commonly used.

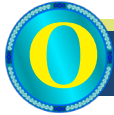
For example, a technology company may forecast an increased demand for software developers based on upcoming projects and industry trends. By identifying this need early, the organization can start recruitment, provide training, and ensure that skilled employees are available when required. Similarly, a hospital planning to open a new department will estimate the number of doctors, nurses, and support staff needed based on expected patient inflow.

Overall, forecasting human resource needs helps organizations avoid both shortage and surplus of employees, ensuring smooth functioning and better performance.



Recap

- ◇ Human resource planning determines workforce requirements and means of meeting them.
- ◇ Features of Human Resource Planning:
 - a. Forward-looking
 - b. In sync with organisational needs
 - c. Proactive
 - d. Continuous Process,
 - e. The right number of right people at the right time
- ◇ Need/Importance of Human Resource Planning:
 - a) Expansion of business
 - b) Prepare people for the future
 - c) Reduction in employee turnover
 - d) Reduction in workforce cost
 - e) Uninterrupted production
 - f) To induce fresh blood in the organisation
 - g) Succession planning
- ◇ Process of Human Resource Planning:
 - a) Preparation of workforce inventory
 - b) Forecasting workforce requirements
 - c) Determination of workforce gap
 - d) Preparation of action plan
 - e) Analysis of supply
 - f) Monitoring and Control
- ◇ Strategic human resource planning helps a company to match its internal strength with external opportunities.



Objective Questions

1. How does an organisation assess its exact employee requirements?
2. How does HRP prepare employees for the future?
3. What is the name of the strategy for passing on leadership roles?
4. What plan matches the company's internal strength with external opportunities?



Answers

1. Through Human Resource Planning
2. By providing training
3. Succession Planning
4. Strategic Human Resource Planning



Self-Assessment Questions

1. What do you mean by HRP?
2. What is the purpose of having HRP in an organization?
3. Of the parts of HR planning, which do you think is most difficult, and why? Which would you enjoy the most, and why?
4. What is the difference between HR plans and HRM strategic plans? How are they the same? How are they different?
5. Why should organisations develop an HRM strategic plan?
6. Explain the process of HR planning.
7. Why human resource planning is important?



Assignments

1. Interact with an HR personnel who is sociable to you and enquire about the various Human Resource Plans adopted in his/her organization.
2. Talk to an HR professional you know and identify his role in human resource planning for an organization.



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Suggested Reading

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Unit - 2

Initiation of HRM



Learning Outcomes

At the conclusion of this unit, the learner will be able to:

- ◇ familiarise the concept of Job Analysis
- ◇ define the concept of Job Design and explore various methods
- ◇ comprehend the concept of recruitment and its sources
- ◇ explore the differences between recruitment and selection



Prerequisite

Imagine a hospital preparing to open a new department. The management cannot simply hire people and expect everything to run smoothly. First, they must clearly understand what each role requires. For example, doctors diagnose and treat patients, nurses provide continuous patient care, lab technicians conduct medical tests, and administrative staff manage patient records and appointments. If these roles are not clearly defined, confusion will arise. A nurse may end up handling administrative work, or a technician may receive unclear instructions about responsibilities. As a result, patient care and hospital efficiency will suffer.

To avoid such problems, the hospital management begins by carefully studying every job in the department. They identify the tasks involved, the skills required, and how each role contributes to the hospital's overall functioning. Once this understanding is clear, they design the jobs properly, decide how many employees are needed, and then start searching for suitable candidates. After receiving applications, they evaluate and select the most suitable individuals, conduct interviews, and finally appoint them to the appropriate positions. Once employees join, they are introduced to the organisation and guided so they can adapt to their roles effectively.

This example reflects the initiation stage of Human Resource Management (HRM). Before employees begin their work in an organisation, several important steps take place to ensure the right people are placed in the right roles. These steps include understanding the nature of jobs, designing them effectively, attracting potential candidates, selecting the most suitable individuals, and helping them adjust to the organisation.

In this unit, we will learn about job analysis, which helps organisations understand the duties and requirements of different jobs, and job design, which focuses on structuring those jobs in a meaningful and efficient way. We will also explore recruitment, its process, followed by selection, and the methods used. And these topics will help us understand how organisations identify the right talent and place the right people in the right roles to build a strong and effective workforce.



Keywords

Job Design, Job Simplification, Job Enrichment, Job Enlargement, Job Rotation, Job Analysis, Recruitment, Selection, Placement, Internal mobility, Interview



Discussion

2.2.1. Job Analysis

Every organisation has many different jobs, and each job requires certain duties, skills, and responsibilities. Before hiring employees, the organisation must clearly understand what each job involves. Job Analysis is the process of collecting detailed information about a job. It helps the organisation understand what tasks need to be performed, what skills are required, and what kind of person is suitable for the role. In simple terms, job analysis answers questions such as What does the job involve? What abilities are needed? And what responsibilities will the employee have?

2.2.1.1 Significance of Job Analysis

1. **Provides a clear understanding of the job** - Job analysis helps the management understand the exact nature of different jobs in the organisation. It provides detailed information about duties, responsibilities, working conditions, and the skills required to perform a job effectively. This clarity helps avoid confusion regarding roles and responsibilities.



2. **Supports effective recruitment and selection** -Job analysis forms the foundation for recruitment and selection. By clearly identifying the requirements of a job, the organisation can prepare proper job advertisements and define the qualifications and skills expected from candidates. This helps in attracting suitable applicants and selecting the most appropriate person for the job.
3. **Helps in determining fair compensation** - Information collected through job analysis helps organisations evaluate the importance and difficulty level of different jobs. Based on this evaluation, organisations can fix fair wages and salary structures. Jobs that require higher skills, responsibility, or effort can be compensated accordingly.
4. **Assists in designing training and development programmes** - Job analysis identifies the knowledge and skills required for a particular job. When employees lack certain skills, the organisation can design suitable training programmes to improve their performance and help them perform their duties more efficiently.
5. **Supports promotion and career development decisions** - Job analysis helps management compare the responsibilities of current jobs with those of higher-level positions. This information makes it easier to identify employees who are capable of handling greater responsibilities and can be considered for promotion.
6. **Improves overall organisational efficiency** - When jobs are clearly defined, and employees understand their roles, work becomes more organised and efficient. Job analysis helps reduce role conflicts, duplication of work, and misunderstandings, thereby improving productivity within the organisation.

2.2.1.2 Components of Job Analysis

Job analysis mainly includes three key elements: job description, job specification, and job evaluation.



Figure 2.2.1 Components of Job Analysis

A. Job Description

Suppose the car service centre needs employee requirements in the wheel service department. How do they invite applications from qualified candidates? The details of the job will be provided as a descriptive statement that clearly gives the applicants an idea of the nature of the job and what the company expects out of the recruits. This explanatory statement explaining the nature, need, and the way in which the particular job is to be performed is called a Job Description.

Components of Job Description

A job description provides a clear explanation of a particular job and includes several important details that help both the organisation and potential employees understand the role better.

- ◇ It usually begins with the name or title of the job, such as engine mechanic, A/C technician, or general worker, which gives a basic idea of the position. It also includes a summary of the job, describing the main duties and responsibilities involved.
- ◇ The location of the job is specified so that employees know the department and place where they will be working.
- ◇ In addition, the job description lists the equipment, tools, and materials that employees are expected to use while performing their tasks.
- ◇ Another important component is the degree of supervision, which explains the level of guidance, authority, and decision-making power associated with the job.
- ◇ It also outlines the mental and physical requirements needed to perform the work effectively, such as strength, concentration, or technical skills.
- ◇ Finally, the job description mentions the working conditions, including the environment in which the job is performed, such as noise levels, physical effort, or other conditions that employees may experience while carrying out their duties.

B. Job Specification

A job specification refers to the statement that lists the minimum qualifications and qualities required for a person to perform a job effectively. It is usually prepared along with the job description. While a job description explains what the job involves, a job specification explains what kind of person is suitable for the job. Together, they help organisations attract the right candidates and avoid unsuitable applicants during the recruitment process.



Components of Job Specification

We will now look into what Job Specification is composed of.

1. **Physical characteristics** – Certain jobs require minimum physical attributes to carry out the task successfully. These include height, weight, eyesight, etc.
2. **Psychological features** – Administrative and management jobs require analytical and decision-making ability which should be specified in advance.
3. **Personnel characteristics** – These include the general attitude of the employee, behavior towards superiors and colleagues and leadership qualities to be possessed for the smooth and harmonious conduct of the job.
4. **Qualification** – Specifies the necessary educational qualification and experience required for the job.

C. Job Evaluation

While job descriptions and job specifications explain the duties of a job and the qualities required to perform it, employees also expect fair compensation for the work they do. Therefore, organisations must decide how much salary or reward should be given for each job. This decision should be fair to both the organisation and the employees.

Job evaluation is the process used by organisations to determine the value or importance of different jobs. The HR department compares various jobs within the organisation and identifies their level of responsibility, difficulty, and skill requirements. Based on this comparison, appropriate salary levels are decided. For example, in a car service centre, the job of an engine service expert is more complex and requires greater technical skill than the job of a cleaning staff member. Because of this higher responsibility and expertise, the engine service expert is usually paid a higher salary. Thus, job evaluation helps organisations create a fair and balanced wage structure.

Now, let us look into some of the general guidelines involved in the Job Evaluation process.

1. **Acceptance by all** – It should be acceptable to the management and the employees alike.
2. **Formation of Job Evaluation Committee**– The job Evaluation committee should have an ideal composition of representatives from management, workers, and experts in the respective fields.
3. **Job Description** – A detailed statement of every job is necessary for the respective evaluation process.
4. **Job Grading** – It is the classification of jobs based on their nature. The job

grading commonly includes administrative, managerial, machine shop, accounting, clerical, cleaning, etc. This grading makes the evaluation process much simpler.

5. **Consideration of job factors** – There are certain critical factors associated with every job. These vital factors help determine the worth of the jobs. For A/C technicians and engine mechanics, expertise in their respective fields, experience, and skills are key factors. In contrast, for the floor manager, critical analytical skills, leadership qualities, and the ability to maintain employee relationships are key. The worth or value of the jobs is determined by assigning weights to these key factors. The total weight assigned to a job indicates its value. J
6. **Job Pricing** – It involves setting the compensation for a job. Pricing is determined based on the value of the job.
7. **Review** – Regular review and update of the job description are important for assessing employee satisfaction with the compensation linked to the job.

2.2.2 Job Design

Once an organisation understands the duties and requirements of a job through job analysis, the next step is to organise these tasks logically and meaningfully. This process is known as Job Design. Job Design refers to the process of arranging a job's tasks, duties, and responsibilities to improve efficiency, productivity, and employee satisfaction. It focuses on how work should be performed, how tasks should be grouped, and how employees should interact with their work.

A well-designed job ensures that employees clearly understand their responsibilities and can perform their work efficiently. It also helps organisations use employee skills effectively while avoiding boredom, confusion, and unnecessary workload.

For example, consider a hospital receptionist. If the job role involves answering phone calls, managing appointments, guiding patients, and updating records in an organized manner, the employee can perform the job smoothly. However, if the receptionist is suddenly asked to handle laboratory work or patient treatment without proper training, the job becomes confusing and inefficient. Proper job design prevents these issues by clearly defining tasks and responsibilities. Therefore, job design helps organizations create roles that are well-structured, productive, and satisfying for employees.

2.2.2.1 Objectives of Job Design

Organisations design jobs carefully so that work can be performed smoothly and employees can contribute effectively to organisational success. A well-designed job benefits both the organisation and the employees. The main objectives of job design are discussed below.



1. **Improves work efficiency** - One of the primary objectives of job design is to improve efficiency in the workplace. When tasks are arranged systematically and logically, employees can complete their work more quickly and accurately. Proper job design reduces unnecessary delays, duplication of work, and confusion, thereby increasing productivity.
2. **Enhances employee satisfaction** - A well-structured job helps employees feel satisfied with their work. When jobs include meaningful tasks and provide opportunities for learning and growth, employees are less likely to feel bored or frustrated. Clear roles and interesting work encourage employees to stay motivated and engaged.
3. **Utilises employee skills effectively** - Employees possess different skills, talents, and abilities. Job design helps organisations allocate tasks in a way that makes the best use of these abilities. When employees are assigned duties that match their strengths and capabilities, they are able to perform their work more effectively and confidently.
4. **Reduces work stress and confusion** - Clearly designed jobs help avoid overlapping responsibilities and misunderstandings among employees. When employees know their duties, authority, and responsibilities, they can perform their tasks with greater clarity and confidence. This reduces work-related stress and promotes a more organised work environment.
5. **Supports organisational goals** - Job design ensures that individual tasks contribute to the overall objectives of the organisation. When jobs are structured properly, employees can perform their duties in a way that supports productivity, service quality, and organisational growth.

2.2.2.2 Methods of Job Design

Organizations utilize various methods to design jobs effectively. These approaches help organize tasks based on the nature of the work and organizational objectives. The different methods organizations use for effective job design are listed below.

1. **Job Simplification** - Job simplification involves breaking down a job into smaller and simpler tasks. Each employee performs a limited number of activities repeatedly. The main aim of job simplification is to increase efficiency and speed by allowing employees to specialise in a particular task.

For example, in a car manufacturing company, one worker may only attach doors to vehicles while another installs the electrical wiring. Since each worker focuses on a specific task, work can be completed faster and more efficiently. However, performing the same task repeatedly may sometimes lead to boredom and reduced motivation among employees.

- 2. Job Enrichment** - The word enrichment” means the process of improving or enhancing the value of something. So, what do you mean by Job Enrichment? Let us try to understand it with the help of the following scenario.

Suppose Sam is an employee working as a technician in the wheel department of the car service centre in consideration. He is an expert in all the tasks associated with wheel repair and service. The management had taken note of the skills and professionalism exhibited by Sam while discharging his duties. As an acknowledgement of his efforts, the management had designated Sam with the additional responsibility of managing and coordinating the functioning of the whole wheel balancing department.

Here, you can see that the degree of authority and responsibility authorised to Sam has considerably increased, which in turn creates a sense of achievement on his part. This instils confidence and motivation in Sam to strive for greater heights, which eventually results in the fulfilment of the objectives and aims of the car service centre where he works.

So, job enrichment is the process of enhancing the present job of an employee with more contentment and responsibility. Job Enrichment provides sufficient autonomy to employees’ jobs, which results in the vertical addition of functions such as coordinating, decision-making, etc, to their present job profile. Vertical addition is used in the sense that the employee is provided with responsibilities that were earlier performed by higher-level superiors. Job Enrichment motivates employees to do their best for the company.

- 3. Job Enlargement** - The word ‘Enlargement’ means the action of making something more extensive, which means increasing the size associated with something. Job enlargement refers to increasing the number of tasks performed by an employee at the same level of responsibility. Instead of performing only one small task, the employee performs several related activities.

We can understand Job Enlargement using an illustration of the car service centre. Rahul is delegated to perform wheel balancing and alignment tasks for cars. The floor manager notices that Rahul is very hardworking and committed to the task assigned to him. Lately, the service centre has experienced a shortage of technicians in the brake system and associated tasks. So, to overcome this, the floor manager decides to provide training to Rahul and make him ready to deal with brake disc issues as well. This addition of tasks will lead to better compensation for Rahul. This process of increasing the number of functions associated with a job is called job enlargement. The thing to note in Job Enlargement is that there is a horizontal addition of the contents of the job. Here, the number of tasks, duties, and responsibilities is increased to the same level as the existing job position. Job enlargement helps reduce boredom by adding variety to the job, although the level of responsibility usually remains the same.

- 4. Job Rotation** -During your routine visits to the bank, you might have noticed that different employees take turns handling the role of the cashier. Why does



this role change happen so often? Won't it be great if one person is permanently assigned the role of the cashier? The logic behind this role alternation is that if the workers keep on doing the same task again and again for a long time, it will adversely affect their motivation and commitment level. They will master the particular task for sure, but if they lose the intent to work due to the prevailing and impending stagnation of work, then it will adversely affect the company's performance. In order to avoid this situation, companies tend to change employees from one job to another at regular intervals so that the employees are exposed to all the jobs in the company. This process is called Job Rotation. It reduces the boredom of doing the same job repeatedly and increases the knowledge and skill set of the employees.

Job design is an important step in Human Resource Management that focuses on structuring jobs effectively. By organising tasks properly, organisations can improve efficiency, reduce confusion, and create meaningful work for employees. Methods such as job simplification, job rotation, job enlargement, and job enrichment help organisations design jobs in ways that balance productivity with employee satisfaction.

2.2.3. Recruitment

After designing jobs and identifying the skills required for each role, organisations need to find suitable people to fill those positions. This process is known as recruitment. Recruitment is the initial and essential step in the hiring process, focused on identifying and attracting prospective employees to apply for job openings within an organisation. It is a positive process that aims to stimulate interest among potential candidates, ensuring a diverse and large pool of applicants. The greater the number of candidates, the higher the chance of selecting individuals who are the best fit for the roles. In essence, recruitment bridges the gap between job seekers looking for opportunities and organisations seeking skilled personnel.

In simple terms, recruitment is about searching for capable people and inviting them to apply for a job. The main objective is to create a pool of qualified candidates from which the organisation can later select the most suitable person.

For example, suppose a hospital plans to hire new nurses. The hospital management may publish job advertisements, contact nursing colleges, or inform existing employees about the vacancy. Through these methods, the hospital attracts several candidates who are interested in the job. From this group of applicants, the hospital will later select the most suitable nurses.

Recruitment also acts as a link between job seekers and organisations. While job seekers look for employment opportunities, organisations search for skilled employees who can contribute to their growth and success. It is important to note that recruitment and selection are different concepts. Recruitment focuses on attracting a large number of applicants, whereas selection involves choosing the most suitable candidate from those applicants. Recruitment, therefore, serves as the foundation for the subsequent

stages of the hiring process, culminating in the placement of the right individuals in the right jobs.

According to Edwin B. Flippo, recruitment is defined as “the process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organisation.”

2.2.3.1 Sources of Recruitment

Organisations can find potential employees from different places or channels. These are known as sources of recruitment. Recruitment sources are generally classified into two main categories:

- A. Internal Sources
- B. External Sources

2.2.3.2 Internal Sources of Recruitment

Internal recruitment refers to filling job vacancies using employees who are already working in the organisation. Instead of searching for new candidates from outside, the organisation selects suitable employees from within. For example, imagine a bank that needs a branch manager. Instead of hiring someone from outside, the bank may promote an experienced officer who is already working in the branch. Internal recruitment helps organisations use the experience and knowledge of existing employees. The common methods of internal recruitment are explained below.

1. **Promotion** - Promotion refers to moving an employee to a higher position that carries greater responsibility, authority, and usually better salary or benefits. For example, a senior sales executive in a company may be promoted to the position of sales manager based on experience and performance.
2. **Transfer** - Transfer refers to shifting an employee from one department, job, or location to another without changing the level of responsibility significantly. For instance, a bank employee working in the customer service department in one branch may be transferred to another branch or department.
3. **Redeployment of Excess Staff** - Sometimes one department may have more employees than required, while another department may face a shortage of staff. In such cases, the organisation can move employees from the department with surplus staff to the department that needs additional employees. This process is known as redeployment of excess staff.

Advantages of Internal Recruitment

Recruiting employees from within the organisation offers several benefits.

1. Saves time and cost

Since the candidates are already working in the organisation, the recruitment process becomes faster and less expensive. There is no need for extensive advertisements or large-scale search.

2. Familiarity with the organisation

Existing employees are already familiar with the organisation's policies, culture, and work environment. Therefore, they can adjust to the new role more quickly and require less training.

3. Motivates employees

When employees see opportunities for promotion and career growth within the organisation, they feel motivated to perform better.

4. Reliable information about employees

The organisation already knows the performance, behaviour, and work habits of internal candidates, which makes the decision-making process easier.

Limitations of Internal Recruitment

Despite its advantages, internal recruitment also has certain limitations.

1. **Increased workload for other employees** - When an employee is promoted or transferred, the tasks previously performed by that employee must be handled by others, which may increase their workload.
2. **Possibility of dissatisfaction** - If several employees apply for a promotion but only one is selected, the others may feel disappointed or dissatisfied.
3. **Limited new ideas** - When organisations recruit only from internal sources, they may miss the opportunity to bring in fresh ideas, new skills, and innovative approaches from outside candidates.

2.2.3.3 External Sources of Recruitment

External recruitment refers to hiring candidates from outside the organisation. In this method, organisations search for potential employees from the wider labour market. External recruitment allows organisations to bring in new talent, fresh ideas, and different experiences. Some of the common external sources of recruitment are explained below.

1. **Advertisements** - Organisations often advertise job vacancies in newspapers, magazines, television, or online platforms. These advertisements provide information about the job position, qualifications required, and the application process. This method helps attract a large number of applicants.
2. **Recruitment Agencies or Consultants** - Many organisations use recruitment agencies or manpower consultants to find suitable candidates. These agencies maintain databases of job seekers and help match candidates with job openings.
3. **Online Recruitment** - With the growth of the internet, many companies recruit employees through online job portals and company websites. Candidates can register their profiles on job portals such as Naukri, Monster, or similar platforms and apply for jobs easily.
4. **Walk-in Interviews** - In walk-in interviews, organisations invite candidates to appear directly for interviews on a specific date and time. This method is often used when companies need to fill positions quickly. These sites act as intermediaries between companies and job seekers. They transfer the relevant information to both parties. The sites communicate information regarding suitable job openings to respective registered candidates. Once the candidates are shortlisted and called for an interview, the sites send the candidates' profiles, which are registered with them, to the respective client companies.
5. **Campus Recruitment** - Many companies visit colleges and universities to recruit fresh graduates. This process is known as campus recruitment. It helps organisations identify talented students at an early stage.
6. **Employment Exchanges** - Employment exchanges are government-supported offices where job seekers register their qualifications and skills. Organisations can contact these exchanges to find suitable candidates, especially for entry-level positions.
7. **Professional Associations** - Some professions have specialised associations or institutions. Organisations sometimes approach these professional bodies to recruit highly skilled professionals for specialised roles.
8. **Poaching (Raiding)** - Poaching refers to hiring experienced employees from rival organisations by offering better salaries or benefits. Companies often use this method when they want highly skilled or experienced professionals.

Recruitment is the process of attracting and encouraging suitable candidates to apply for job vacancies in an organisation. It helps organisations build a pool of potential employees from which the best candidates can later be selected. Recruitment sources can be internal, where employees are selected from within the organisation, or external, where candidates are hired from outside. Both sources help organisations find the right people needed for their growth and success.



Significance of Recruitment from External Sources

Organisations often recruit employees from outside the organisation when they want to expand their talent pool and bring new ideas into the workplace. External recruitment provides several advantages.

1. **Provides a wider choice of candidates** - When organisations recruit from external sources, they can attract a large number of applicants from different backgrounds. This wider pool of candidates increases the chances of selecting the most suitable and capable person for the job.
2. **Brings new ideas and fresh perspectives** - Candidates recruited from outside often bring new knowledge, skills, and experiences from other organisations. These fresh ideas can help improve organisational practices, encourage innovation, and support business growth.
3. **Helps fill skill gaps in the organisation** - Sometimes, the existing employees may not have the required qualifications or experience for a particular job. In such situations, organisations rely on external recruitment to find candidates who possess the necessary expertise and skills.

Limitations of Recruitment from External Sources

Although external recruitment offers several benefits, it also has certain limitations.

1. **Higher cost and longer process** - Recruiting from external sources usually involves advertising job vacancies, screening applications, and conducting multiple stages of evaluation. These activities require both time and financial resources.
2. **Need for training and induction** - Newly recruited employees may not be familiar with the organisation's policies, culture, and work environment. Therefore, organisations must provide training and induction programmes to help them adjust to their new roles.
3. **Possible dissatisfaction among existing employees** - When organisations hire candidates from outside for higher positions, existing employees may feel disappointed because they were not considered for promotion. This may reduce their motivation and sometimes affect workplace harmony.

2.2.4. Selection

After the recruitment of applicants, the next important step in Human Resource Management is selection. Selection refers to the process of choosing the most suitable candidate from among the applicants for a particular job. While recruitment

encourages many candidates to apply, selection focuses on identifying the individual who best fits the job requirements and the organization's needs. Selection can also be explained as the process of interviewing the candidates and evaluating their qualities, which are required for a specific job, and then choosing the suitable candidate for the position. The selection of the right applicant for a vacant position will be an asset to the organisation, which will help the organisation in reaching its objectives.

Selection follows Recruitment in the employee hiring process. We know that recruitment can be done from both internal and external sources. So, Selection can be defined as the process of choosing from the pool of candidates, from within the organisation or from outside the most suitable person for the current vacant position or future positions. Selection is also an elimination process in the sense that the unqualified candidates will be eliminated in the process of selection.

A layman with not much understanding of the employee hiring process might assume the recruitment and selection processes are the same. Many people use these two terms synonymously in situations to refer to the process of hiring skilled people. As we have gone through both terms in detail, there is no scope for confusion here, but still, to make the concepts clearer, we will discuss the differences that exist between recruitment and selection in this section.

Basis	Recruitment	Selection
• Meaning	Process of searching for and attracting candidates to apply for a job	Process of choosing the most suitable candidate from the applicants
• Objective	To create a large pool of potential candidates	To identify and appoint the best candidate
• Nature	Positive process – encourages candidates to apply	Selective process – eliminates unsuitable candidates
• Stage in hiring	First stage of hiring	Second stage of hiring
• Outcome	Applications are received	The final candidate is selected and offered the job

2.2.4.1 Methods of Selection

Organizations use various methods in the selection process. In fact, most organizations depend on a comprehensive system that involves multiple selection techniques to collect all relevant data. This section will cover some of the most popular and widely used selection methods.

1. **Application Screening:** The first step in selection is reviewing the applications received. Here, basic information such as qualifications, experience, and skills is checked to shortlist suitable candidates. Example: A company may shortlist only those candidates who meet the minimum educational qualifications for a job.
2. **Written /Aptitude Tests:** These tests are used to measure a candidate's knowledge, aptitude, reasoning ability, or technical skills. Various types of tests include: Aptitude tests, Technical tests, and Personality tests. For example, a bank may conduct an aptitude test to evaluate numerical and reasoning ability.
3. **Interviews:** An interview is a face-to-face interaction between the employer and the candidate. It helps assess communication skills, confidence, attitude, and job suitability. Various Types include: Structured interview, Unstructured interview, Panel interview. Example: A panel interview is commonly used in academic institutions for faculty recruitment.
4. **Group Discussion (GD):** In this method, candidates discuss a given topic in a group. It helps evaluate communication skills, leadership ability, teamwork, and confidence. Example: Management trainees are often selected through GDs to assess their interpersonal skills.
5. **Skill/Practical Tests:** These tests check the candidate's ability to perform specific job-related tasks. Example: A typing test for a data entry job or a coding test for software developers.
6. **Reference Check:** Organizations verify the candidate's background by contacting previous employers or references. Example: Checking past work performance and behavior before final selection.
7. **Medical Examination:** This ensures that the candidate is physically and mentally fit for the job. Example: Required for jobs involving physical work or high responsibility.

2.2.4.2 Steps in the Selection Process

It is already established that Selection is the process of choosing the most suitable candidate from the prospective pool of applicants. So, how can the best candidate

be selected? The management cannot make this decision just by going through the applications and resumes of candidates. They need to thoroughly investigate the skills as well as the behavioural aspects of the candidate to see whether the candidate can successfully meet their requirement. Now, how is this possible? The detailed scrutiny process is carried out in a series of steps. These steps are explained below based on the scenario of the car service firm for the sake of simplicity.

2.2.4.3 Preliminary Screening

Take the scenario where the car service firm requires an engine mechanic. The company management, based on the Job Analysis, had set minimum educational criteria as diploma in automobile engineering and a work experience of 4 years. Now, some candidates who are not fully qualified, i.e., have only one out of the prescribed qualifications, such as educational or work experience, tend to apply for the post. The management doesn't want to encourage such applicants as it will eventually lead to a waste of both time and money on their part. To eliminate these candidates, the HR department will screen the applications, and the unqualified applicants will be rejected. This step is called preliminary screening.

2.2.4.4 Shortlisting

As the engine mechanic requirement is only for one post, the company management is planning to shortlist the ideal candidates to be called for part of various selection procedures. After weeding out unnecessary applicants through preliminary screening, the screening committees will shortlist the ideal candidates whose profile aligns the most with the job notification and the company's strategies.

2.2.4.5 Selection test

One of the most important and initial verification procedures is the selection tests. Selection tests will help the company determine whether the candidates possess the necessary knowledge, skills, and abilities needed to perform the job. The company mainly assesses two things about the candidates that are the ability to perform the job and the personality of the candidate. So, to measure these two aspects, the selection tests are classified as Ability tests and Personality tests. Let us look into the classifications that companies commonly employ to check employee proficiency.

Ability Tests – These tests are used generally to determine the candidate's level of knowledge, skill set and decision-making ability for the job. These tests can be further categorised as:

Aptitude Test – The car service firm's vacant job position is that of an engine mechanic. To be a successful engine mechanic, one needs to have a passion for working with automobiles and mechanisms. This natural ability to do something is called aptitude. The aptitude of a mechanic can be assessed through a real-life situation using a test and trial method. The candidate's performance in these trials will be closely monitored.



Achievement Test – The achievement test is used to assess the candidate's already developed knowledge. It is used to measure the skills and knowledge obtained by the candidates at a particular level. A standardised set of questions and procedures might be used for the evaluation of the level of skill and expertise of a mechanic.

Intelligence Test – It is a general concept that mere knowledge and skill set don't make an employee successful. For that, the employee should have the ability to apply his knowledge and skill to solve practical problems. You might have heard of the saying that 'common sense is not so common'. So, the company might carry out certain tryouts to check if their candidates possess the essential but elusive common sense. **Judgment Test** – Similar to intelligence, an employee's problem-solving skills also play a vital part in carrying out the job. To assess this, the candidate may be given opportunities to solve certain real-life problems and evaluate how they respond to the situation. It will be strictly monitored.

Personality Test – An organisation is an entity that is formed by a systematically arranged group of people who work towards a common purpose. This group of people will be from different backgrounds with diverse behaviours and mindsets. The company should be able to establish a synch and synergy between these diverse workforces to attain their objectives. The company adopts different programs to achieve this synergy, and the most important of these is assessing how employees think, feel, and behave in other circumstances. This assessment is mainly done at the time of employee hiring. The various tests adopted by the company to accomplish this are personality tests.

2.2.5 Interview

After assessing the shortlisted candidate's knowledge and skills through the selection test, the management will now want to find out the following things:

- ◇ **Background of the candidate** – The company will need to know the candidate's background. It includes information regarding the candidate's family and how they are conducted in society,
- ◇ **Additional skills of the candidate** – The company management already has an understanding of the candidate's knowledge level and skill set, as evaluated by the selection test. Now, management needs to assess if the candidate is proficient in any other areas that can be beneficial to the company.
- ◇ **Competency of the candidate** – The candidate will be familiar with routine work conditions as their skills match the job description. But when some unfavourable or complex situation arises, will the candidate be able to provide quality solutions on time?
- ◇ **Emotional maturity of the candidate** – Work pressure can be stressful in itself, but it becomes a real burden when the employee experiences family issues or interpersonal issues with coworkers. If these things are left unmanaged, they can have disastrous consequences. The company needs to find out whether the candidate has what it takes to understand, manage, and handle emotions to

relieve work-related stress and, at the same time, lead a balanced personal and professional life.

- ◇ **Personal traits of the candidate** – Every candidate might possess certain qualities. Out of these candidates, the company needs to identify whose qualities might provide them with a cutting edge over their competitors, and that is the ultimate criterion that secures the candidate's job. See if they possess the qualities the company wants.
- ◇ **Worth of the candidate** – The company needs to know if the candidate is hired and further invested in the form of training if the candidate will stay with the company and contribute for a sufficient time frame to provide an adequate turnover and goodwill for the company over the years.

The answers to these questions will be more accurate only if they are obtained from the candidate through an interaction process. This conversation, where one participant asks questions and the other participant provides answers, is termed an interview. It is a formal conversation or meeting with the interviewer and the job applicant. Now, let us examine the different types of interviews employed by companies to check the merit of the candidates.

Types of Interviews

a. Direct face-to-face interview

Companies mostly follow this during the selection process. Here, the management meets the candidate in person and gathers the required information. Apart from the information, the interviewer tries to assess the way the individual presents for the interview. This candidate presentation includes the dressing style, grooming, etc. It is important as it gives the company an idea about the individual's personality and the significance the candidate provides for the whole interview process. Behavioural cues are behaviours exhibited by an individual in response to a stimulus. It includes voice changes, clenching of fists, shaking of legs while sitting, etc. Behavioural cues give a peek into a person's character.

b. Interview through video conference

Here, the candidate doesn't need to be present in person at a particular venue to be interviewed. The interview process is convened over an online platform at a predetermined time and date. The candidate has the liberty to be in the comforts of his home and attend the interview in a more relaxed manner. However, technological glitches, if present, might hinder the smooth conduct of the process. This type of interview has become much more prominent due to the COVID-19 crisis.

c. Panel Interview

A panel of members interviews the candidate. The panel members are usually eminent individuals who have a stronghold in their respective fields. In some companies, the HR



manager might conduct a screening interview and later, the candidate will be interviewed by the specific department head and, finally, by the company's top management. If a panel is formed and composed of the interviewers mentioned above, then the three different interviews can be substituted by a single panel interview. So, the biggest benefit of a panel interview is that it provides the possibility of identifying the most suitable candidate through a single interview instead of multiple ones.

d. Group Interview

People often confuse panel interviews with group interviews, although they are entirely different processes. A group interview, as the name suggests, is an interview that is conducted with a group of people. But the thing to keep in mind is that unlike the panel interview, where there was a group of interviewers, in a group interview, the group is formed by the candidates to be interviewed. Suppose a company needs to interview about 200 candidates, and they plan on completing the process in a day. Is it feasible to interview all the candidates separately? In this case, a separate interview is not an option because of the time limitation. So, in this case, the company might go for a group interview where a group of about ten people might be interviewed together. Even though the process saves time, the obvious drawback associated with it is that not all candidates can be deeply assessed, which might lead to unsuitable hiring. However, the companies that adopt this form of interview ignore this. The drawback is based on the ideology that 'the cream always rises to the top'. This means talent cannot go unnoticed even if it lies along with a whole lot of ill-suited. The talented people of the lot always shine through and grab whatever little opportunities they get.

e. Structured Interview

In some cases, the interviews tend to be biased because of the personal interest the interviewer might have toward the candidate. Let's see how this bias works in a selection interview. The interviewer, on learning about the areas of the candidate's stronghold from their application, will tend to ask simpler questions from well-versed regions of the favoured candidates. This is sure to generate a desired response out of the candidate and will eventually improve their chances of being hired. The interviewer might perform a basic interview in case of other general candidates. This process will always give an upper hand to the favoured candidates when the final interview rankings are made. So how can the company prevent this? The company management can avoid this situation by preparing a standardised set of questions that should be asked to every candidate. And it should be made mandatory that the interviewer never deviates from the given questions. This will lead to a more even response from the candidate lot and leave out any scope for favouritism. So, an interview where a set of questions prepared in advance are asked in the same order so that responses can be easily evaluated, which is called a structured interview.

f. Unstructured Interview/Depth Interview

Now, what is the main drawback of a structured interview? As all the questions are preplanned, there is no scope for spontaneity. You can say that the whole structured interview process is very formal, and it will be carried out robotically with less of

a human touch. Suppose when an interview is being conducted to hire a faculty in Economics. In a structured interview, you can expect questions that come directly from the syllabus. Still, in an unstructured interview, the candidate's take on recent economic events in the country might be enquired about, such as demonetisation, privatisation, etc. These questions are not just seeking the facts from the candidate but also looking for the candidate's viewpoint. Such open-ended questions tend to bring out the comprehensibility and the applicability the candidate possesses in the subject. Spontaneous questions might bring out the innovative and creative side of the candidate as well. Here, the interview will not have a set of preplanned questions. They will just be provided the areas where the expertise of the candidates needs to be assessed. So, the interviewer kicks off the interview as a conversation, and the impending questions will be based on the candidate's reply to the preceding question. So, we can say that an unstructured interview or in-depth interview is a spontaneous and unplanned set of questions that are directed at the candidate to create an unanticipated scenario that gives a better assessment of the candidate's perspectives.

2.2.5.1. Checking Background and References

After the interview, the management will create a list of people to be hired internally based on merit. However, this list will not be published as the management wants to cross-check the background and genuineness of the information provided by the candidate. Suppose the management identifies a candidate as most suitable for the job based on his skills and knowledge. However, the candidate has a very hot temper, and they have created a lot of tiffs in previous workplaces. This fact may not be obtained from the test or interview process and can only be obtained when the candidate's history is crosschecked with the officials of the firms where they formerly served.

The background checks and References help the company to cover all the nook and corner concerning the candidate, which they might have missed in the previous procedures.

2.2.5.2. Medical Test

Certain jobs demand a specific level of physical fitness for effective performance. For instance, staff in police forces are required to have a prescribed level of physical fitness to carry out their duties effectively. Even if the candidate possesses the specific knowledge and skills, they might not be able to contribute one hundred per cent to the job as a result of their physical condition. So, companies usually perform a medical test on screened candidates to evaluate whether their physical fitness is under the company's preset standards.

2.2.5.3. Job Offer

Now, candidates who pass all the above-mentioned selection procedures will be selected and offered a job position in the company. The job offer letter usually contains the joining date, salary package, and the terms and conditions related to joining. With this step, the selection procedure concludes.



2.2.6. Placement

This process of assigning a job to a newly hired employee that perfectly matches their qualifications and skills is known as Placement. Placement helps to instil confidence in the employee, thereby allowing them to work freely and enjoy what they do. So, we can conclude that while Induction makes the employee acquainted with the organisation, Placement makes the employee comfortable with the job.

Now, let us see how an employee will be moving from one position to another within the organisation, from the scenario mentioned below.

Rahul is a committed worker. His commitment also comes from the desire to learn and grow in his profession. Although he is assigned to the engine repair department according to his profile, he aspires to increase his skill set and grasp the entire allied task related to car repair. This includes knowledge about other departments such as A/c maintenance, wheel repair, painting, etc. Now, car service firms also want their employees to be versatile in diverse areas rather than being a one-trick pony. This provides the company with the liberty to tackle any difficult task as their entire workforce is equipped with the proficiency to perform all the activities related to the company's domain. This provides them a competitive advantage over their close rivals. So how do you think the car service firm can carry out this?

The company can fulfill Rahul's thirst for knowledge and also make its employees multitalented by moving the workforce from one department to another and thereby improving the employee's familiarity with different aspects of work. This process is called internal mobility.

2.2.7. Induction (Employee Induction / Orientation)

Induction is the process of introducing a newly recruited employee to the organization, its culture, policies, procedures, and work environment. It is the first formal step in integrating the employee into the organization and helping them adjust to their new role effectively.

Induction ensures that new employees understand what is expected of them, who they will work with, and how the organization functions. A well-designed induction programme reduces employee anxiety, improves confidence, and accelerates the process of becoming productive.

For example, a newly hired MBA graduate joins an IT company. On the first day, the HR team conducts an induction session explaining company policies, introduces the team members, gives a workplace tour, and assigns a mentor to guide the employee during the initial weeks.

Contents of Induction Programme

- ◇ Introduction to company history, vision, and mission
- ◇ Organizational structure and key personnels

- ◇ Job duties and performance expectations
- ◇ Rules, regulations, and HR policies
- ◇ Safety measures and work procedures
- ◇ Tour of the workplace

2.2.7.1 Objectives of Induction

- ◇ Induction programs familiarise the new employee with the organisational culture, policies, people, and work environment.
- ◇ It removes the initial apprehensions and shyness the new employee harbours toward their colleagues. It also removes all sorts of fear and ambiguity in the new employee fosters their roles and responsibilities.
- ◇ After the induction the employee will become relaxed and feel more valued by the organisation. This will create a sense of belongingness in the employee, as a result of which they will treat the organisation as their own and become fully loyal to it.
- ◇ Proper induction gains loyal employees. A loyal and devoted employee always puts the organisation's interest as the priority and performs effectively, which increases productivity.

2.2.8. Internal Mobility

The rotation of employees from one job to another in order to help them acquire additional skills and also improve efficiency by avoiding the boredom of doing the repetitive jobs is called Internal Mobility. Internal Mobility will ultimately result in improved overall performance for the organization.

2.2.9 Need for Internal Mobility

Through the following questions and the related answers, we will look into the necessity of internal mobility in an organisation.

1. What benefits an employee derives through Internal Mobility?

An employee gets exposure to different departments and thereby becomes proficient in a variety of jobs. This avoids being stagnant with a particular job for the entire lifetime. Thus, internal mobility enhances the content of the career of the employees.

2. What does an organisation gain from Internal Mobility?

An organisation through internal mobility shapes a bunch of multi-skilled employees whom the organization can rely on when faced with situations like the execution of an urgent project or experiencing a shortage of skilled workforce.



3. How internal mobility is of assistance when the company plans to invest in new ventures?

Introducing a new product line or starting a new branch etc comes under the new ventures of a company. Now let's see how internal mobility assists in the successful inception of a new venture. For instance, if a company decides to start a new branch, it will need a skilled and experienced workforce who have a clear understanding of company policies and strategies for the smooth establishment of the branch. And for that, the company will have to relocate some of its existing workforce to this new branch. With the implementation of internal mobility, the existing workforce should be capable of handling different jobs.

4. How does Internal Mobility enforce discipline?

Discipline is a code of behavior that employees are expected to follow in the workplace. The company follows strict measures to ensure that its employees always abide by this code of conduct. Indiscipline activities will be punishable as per company policies.

Punishments vary depending on the severity of the misdeed. Often as a punishment employees are transferred to other localities or even demoted to lower ranks in extreme cases. This transfer and demotion are movement of employees from one job to another. So, we can say that Internal Mobility is a tool to enforce discipline.

2.2.10 Methods of Internal Mobility

We will now discuss the various methods adopted by companies to execute it. Internal Mobility often takes place in any of the following forms:

2.2.10.1. Transfer

Suppose the car service firm has a few other branches which are functioning at different locations in Kerala. Rahul working as an engine mechanic in one branch of the car service firm is moved to another branch with the same job profile. This lateral movement of an employee from one job to another of the same rank, function, and responsibility is called Transfer.

2.2.10.2. Promotion

Take the case where Rahul is upgraded to the post of manager in the engine repair department of the car service firm. In contrast to transfer here Rahul is assigned higher responsibilities which are also complemented by better remuneration.

These vertical movements of employees from one job position to another higher post that involves higher responsibility and better rewards are termed promotions. Promotion is usually provided to employees who are exceptional at their duties.

2.2.10.3. Demotion

Poor performance and insubordination caused disciplinary action like demotion and even termination. This vertical movement of an employee to lower ranks with lower responsibility and remuneration is called demotion. This is the opposite of promotion.



Recap

- ◇ Induction is the process of introducing newly hired employees to the organisation.
- ◇ Placement is assigning a job to a new employee that perfectly matches his/her qualifications.
- ◇ Rotation of employees from one job to another is called Internal Mobility.
- ◇ Methods of Internal Mobility are:
 - ◇ Transfer
 - ◇ Promotion
 - ◇ Demotion
- ◇ Selection is the process of choosing the most suitable candidate from the prospective pool
- ◇ Steps in Selection Process-
 1. Preliminary Screening
 2. Shortlisting
 3. Selection test
 4. Interview
 5. Checking Background and References
 6. Medical Test
 7. Job Offers
- ◇ Recruitment is the process of searching for prospective employees.
- ◇ Sources of recruitment are classified as:
 1. Internal Sources - qualified employees that already exist in the organisation.



2. External Sources – qualified candidates from outside the organisation.

◇ Internal sources include:

1. Promotion
2. Transfer
3. Redeployment of excess staff

◇ External Sources include:

1. Advertisement in Newspapers
2. Manpower Consultants
3. Online Recruitment
4. Walk-in Interview
5. Campus Recruitment
6. Employment Exchanges
7. Professional Associations
8. Poaching/Raiding

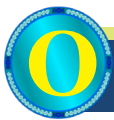
◇ Job Design is the plan adopted for successful completion of a task or a job.

◇ Job Simplification is the process of breaking the job into sub-elements.

◇ Job Enrichment is the process of enhancing the present job with more content.

◇ Job Enlargement is the process of increasing the number of tasks associated with a job.

◇ Job rotation is changing employees from one job to another at regular intervals.



Objective Questions

1. How can the company alleviate the fears and apprehensions of a newly hired employee?
2. What is the process of allotting roles and responsibilities to a new candidate?

3. What process makes the employee acquainted with the organisation?
4. What process is adopted by companies for hiring the most ideal candidate?
5. Which among selection and recruitment comes first in the employee hiring sequence?
6. Which type of interview is preferred in the case of a large number of participants?
7. What is the process by which pools of prospective candidates are generated?
8. What are the main two sources of recruitment?
9. Which source of recruitment is more costly?
10. What kind of recruitment might improve the company and existing worker relationships?
11. What is known as the process of attracting competitive employees from rival companies?
12. What kind of plan assigns the right job to the right person in the right manner?
13. How does a company avoid worker boredom from repetitive jobs?



Answers

1. Through the Induction process
2. Placement
3. Induction
4. Selection
5. Recruitment
6. Group interviews
7. Recruitment



8. Internal Source and External Source
9. External Source
10. Internal Source
11. Poaching/Raiding
12. Job Analysis
13. Job Rotation



Self-Assessment Questions

1. What is Placement?
2. What do you mean by induction?
3. Explain the concept of Internal Mobility
4. Differentiate between Recruitment and Selection
5. What are the steps in selection process?
6. What are the different types of Interview?
7. What is the difference between structured and unstructured interview?
8. What is Recruitment ?
9. Explain the purpose and importance of recruitment.
10. Explain Poaching/ Raiding.
11. What is job design, and why is it necessary?
12. Describe job enrichment and job enlargement, and present their implications for managers.
13. Differentiate job enrichment and job enlargement.



Assignments

1. Interact with an HR professional to know in detail about the various Induction programs followed in his/her organization.
2. Visit an organization to find out the latest internal mobility activities that were carried out? Also enquire about their mindset about the whole process.
3. Try to find out the most commonly followed selection test and interviews adopted in various organizations.
4. Interact with an HR professional to find out the source of recruitment which his/her company prefers and assess the reasons.
5. Try to collect information regarding the various Job Design strategies adopted by famous companies.



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Suggested Reading

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BLOCK - 03

Training and Development

Unit - 1

Training



Learning Outcomes

At the end of this unit, the learner will be able to:

- ◇ explain the meaning of training and its significance
- ◇ identify the objectives of training
- ◇ describe different methods of training
- ◇ explain the process of training step by step, and get an awareness about how training is evaluated to check its effectiveness



Prerequisite

Anjali has recently joined a retail company as a sales executive. The company uses a computerized system to manage daily operations, including billing, sales tracking, customer records, and inventory management. Since Anjali is new, she is not familiar with how to use the system or handle customers in the expected way. To help her perform her job effectively, the company arranges a brief session to teach her to use the system, interact with customers, and follow the company's procedures.

This session, where a new employee learns how to do their job effectively, is called training. In this unit, we will explore the meaning, importance, objectives, methods, process, and evaluation of training in simple, clear terms.



Keywords

Training, Skills, Performance, internal mobility, Learning, Trainer, Trainee, employee efficiency



Discussion

3.1.1 Training

Let's continue Anjali's story. When Anjali joined the retail company, she had the basic qualifications, but she didn't yet know how things actually worked inside that organization. She needed to learn the billing software, customer interaction style, and internal procedures. That's exactly where training comes in. So, what does training really mean?

In simple terms, training is a structured effort by an organization to help employees learn how to do their job better. It focuses on improving the skills, knowledge, and abilities required for current job performance.

Training is a planned process through which individuals learn specific skills or acquire the knowledge needed to perform their current job effectively. It is a systematic process that helps individuals acquire the knowledge, skills, and abilities necessary to perform their current job effectively and efficiently. Let's see the definitions of training:

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

Dale S. Beach defines training as 'the organized procedure by which people learn knowledge and/or skill for a definite purpose.'

The two main roles involved in the training process are:

1. Trainer – who provides training and
2. Trainee – who receives training

Now, let's understand the importance of training

3.1.2 Need/Importance of Training

We will now look at the various perks that are offered by training, which makes it an essential requirement for every organisation.

1. Mold the new employees

A new employee lacks familiarity with the organisational goals and how various duties are performed to achieve them. Training is essential for aligning the employee's responsibilities with organisational goals. Training helps to connect the employee with organisational matters and, at the same time, identify and address any skill gaps they possess in order to ensure the smooth conduct of their duties.

2. Update the existing employees

Some of the existing employees might be unaware of the new technological advancements happening in their respective fields. This lack of awareness turns the existing workforce obsolete and eventually becomes an internal weakness for the organisation. Training helps to overcome this internal weakness by upgrading the knowledge and improving the skills of the existing experienced employees to perform at par with their fresh recruits.

3. To cope with business environmental changes

The introduction of GST instead of VAT is a drastic change in the business environment. Companies and business enterprises adopted and implemented this system by training the accounting staff on the concepts and procedures of GST. So, imparting training to the employees will equip them to adapt to environmental changes in business and industry.

4. To support internal mobility

Whenever employees are moved from one post to another within an organisation through promotion or transfer, they tend to experience certain difficulties on the job. These difficulties are due to changes in roles and responsibilities that are associated with the new position.

This situation that arises as a result of the internal mobility policies of the company can be overcome by providing necessary training to the employees to carry out the new roles and responsibilities successfully. The training should be provided to the employees in advance of their promotion and transfer.

5. To increase productivity

Every company would set a benchmark that they want to achieve in terms of their output and quality. The company would carry out a performance analysis to find out whether there is a significant difference between the Expected performance and actual performance. This performance analysis is necessary to check whether company strategies are going in the right direction. If there is a remarkable deviation between these two, then the company should immediately carry out a skill analysis. Skill analysis reveals whether there is a skill gap among the employees. Skill gap indicates the deficiency in the employee skill set necessary to perform the respective jobs successfully.

Training can be provided to replete the skill deficiencies that exist in the organisation. This will help the employees perform better, which will eventually increase the company's productivity.



3.1.3 Objectives of Training

1. **Improving Quality of Output** - Quality is the degree of excellence or standard of any product. Training helps employees produce work that meets high standards and reduces errors. When employees understand the correct methods, they perform tasks more accurately and consistently, and thus enhance the quality of the output. Example: In a manufacturing unit, a trained worker operates machines properly, producing defect-free products, unlike an untrained worker who may create faulty items.
2. **Increasing Employee Efficiency** – Efficiency means achieving maximum output using minimum resources like time, money and materials. Training equips employees with the right skills, reducing wastage and improving productivity. Example: A trained accountant uses software efficiently and completes reports faster, while an untrained one may waste time and make costly mistakes.
3. **Understanding Organisational Culture** - An organisational culture is simply the proper way to behave in an organisation. The culture consists of shared beliefs and values that shape employee perception, behaviour, and understanding. Proper training helps to familiarise employees with the values, beliefs, and expected behaviour within an organisation. This alignment ensures employees work towards common organisational goals. Example: In a company that values teamwork, training programs teach employees how to collaborate effectively rather than working individually.
4. **Supporting Personal Growth of Employees**- Training enables employees to learn new skills and adapt to new technologies, which helps in career development and promotions. It builds confidence and prepares them for higher responsibilities. Example: An employee trained in leadership skills may get promoted to a managerial role in the future.
5. **Reducing Risk of Accidents** - Proper training ensures employees know how to handle equipment safely and follow safety guidelines. This reduces workplace accidents and protects employee health. Example: In a lab or factory, trained staff use machines carefully and follow safety rules like wearing protective gear and avoiding injuries.
6. **Reducing Overall Production Cost** - Although training involves initial expenses, it reduces long-term costs by minimizing errors, wastage, and rework. Efficient employees contribute to better resource utilisation. Example: A trained worker uses raw materials efficiently, reducing waste and saving costs for the company.

7. **Keeping Employees Updated** - Experienced employees are assets for any organisation. Training helps employees stay updated with new technologies and industry developments. This prevents them from becoming outdated and improves adaptability to change. Example: IT professionals trained in new software tools remain relevant, while those who do not update their skills may struggle in their jobs.

3.1.4 Methods of Training

After understanding why training is important (its objectives), the next logical question is how training is actually given in organisations. Different objectives require different approaches, so organisations choose suitable training methods based on the skills to be developed, the type of job, and expected outcomes. Training can be broadly classified as on-the-job training and off-the-job training based on the site where the training is provided. We will now discuss these classifications in detail.

3.1.4.1 On-the-job Training

Training provided right in the routine workplace is called on-the-job training. This type of training is preferred when the employee has to deal with practical tasks. So, in this method of training, the company trains the employees while they are performing their regular work under the strict guidance of an experienced and qualified trainer. The employee learns the necessary skills by observing and performing the task. As the employee constantly interacts with the trainer, it helps clear the employee's work-related doubts then and there. Different on-the-job training methods are listed below:

- A. **Coaching** : Before going into the term coaching, let's first explore the term coach. A coach is someone who trains and guides a person to improve their performance in a specific area. Coaching focuses on "learning by doing" rather than just teaching theory. In organizations, coaching is done when a supervisor guides and supports an employee to develop the skills and knowledge needed for their job. The employee learns by actually performing tasks under the supervisor's guidance.
- B. **Under Study**: A house surgeon who has just completed their studies may not be able to do the surgery independently, as it is a skillful task. Competency in this area only arises from observing, assisting, and performing the process numerous times. This process of helping a superior to observe and learn through experience is called an understudy. This method aims to equip the juniors as competent professionals to handle the task independently. This is often carried out so that the assistant can assume full responsibility for the superior's job later, sometime in the future, when the need arises.
- C. **Job Rotation**: The term job rotation means moving an employee from one job to another in a planned way so they can learn different tasks. This helps them



gain wider experience, develop new skills, and understand different roles in the organization. It also reduces boredom and makes employees more flexible and versatile in their work. For example, In a bank, a newly recruited employee may first work in the customer service desk, then move to cash handling, and later to the loan processing department. By rotating through these roles, the employee learns different functions of the bank, gains broader experience, and becomes more skilled and adaptable.

- D. Vestibule Training:** Let's discuss through an example, as in an automobile manufacturing company, new machine operators are first trained in a separate training room that has the same machines as the actual production floor. They practice operating the machines and learn safety procedures there. Even if they make mistakes, it does not affect real production. Once they gain confidence, they are moved to the actual factory floor to work. Vestibule training is a method where employees are trained in a separate but similar (simulated) workplace near the actual work area. They use the same tools and machines, but training happens in a safe environment. This ensures that any mistakes made during training do not affect real production. It is also called "near-the-job training" because it is close to the actual workplace.
- E. Apprenticeship:** Let's understand the term through an example. An electrician apprentice works under a senior electrician, learning how to install wiring, handle tools, and follow safety procedures. Over time, with practice and guidance, the apprentice becomes skilled enough to work independently. Hence, we can say that apprenticeship is a training method where a trainee (apprentice) learns a skill or trade by working under the guidance of an experienced expert for a specific period. It combines practical training with some theoretical learning, helping the trainee gain mastery through hands-on experience. This method is commonly used in crafts, trades, and technical areas, especially when proficiency in a job is the result of a relatively long training or apprenticeship period

Significance of On-the-job training

- ◇ **Faster Learning Process:** Learning by doing helps employees understand tasks quickly compared to theoretical learning. Practical experience makes them adapt faster to job requirements.
- ◇ **Reduced Errors and Accidents:** Since training is conducted under the guidance of experienced supervisors, employees perform tasks according to company rules and safety standards. This minimizes mistakes and accidents.
- ◇ **In-depth Understanding of Work:** In on -the-job training, employees learn by observing, following instructions, and performing tasks under supervision. This practical exposure helps them understand the job thoroughly and systematically.

- ◇ **Cost-Effective Training:** On-the-job training is very economical because training happens at the actual workplace using existing machines and resources. There is no need for separate training centers, extra equipment, or external trainers.

Limitations of On-the-job training

- ◇ **Fear of Judgment by Co-workers:** Since training happens in the actual workplace, others can see the trainee learning. Making mistakes is natural, but being watched can make the employee feel embarrassed or anxious. This may reduce confidence and affect performance.
- ◇ **Workplace Distractions:** The real work environment is often noisy and busy. There can be interruptions, conversations, and multiple tasks happening at the same time. These distractions make it harder for the trainee to concentrate and learn properly.
- ◇ **Quality Depends on the Supervisor:** The success of training largely depends on the supervisor. If the supervisor is not skilled, interested, or patient enough to teach, the trainee may not learn properly. This can make the whole training ineffective.
- ◇ **Risk of Damage and Financial Loss:** Trainees work on real machines and processes. Even with supervision, mistakes can happen, which may damage equipment or affect production. This can lead to financial loss for the company.

3.1.4.2 Off-the-Job Training

The training method provides opportunities for employees to learn more about the latest advancements in their respective fields by keeping them away from their workplace is called Off the Job Training. Here, the employee gets opportunities to express their views and explore new ideas that can be brought to their work to induce improved performance. This is a serious affair as the employee's entire time is devoted solely to the training purpose. The Job Training can be carried out in different ways, and they are listed below:

- Special Courses** – Consider the scenario where a company sends their finance manager to attend a certification course in finance risk management (FRM). The company itself will bear all the expenses of attending the course. Financial risks are associated with every company's investment decision. Proper risk management allows risk management activities to happen healthily. So, the point of sending the finance manager for the certification course is to strengthen their knowledge in analysing financial risks and thereby reduce losses. These types of training organised by companies are called special courses, and the main idea behind them is to impart special skills and knowledge that aid in successfully performing special tasks.
- Conference** - A conference is a gathering of many people with common interests who convene to talk about a specific subject. Employees from different organisations discuss their viewpoints and opinions on the issues they face in

their respective fields. These discussions help familiarise people, update their knowledge, and alleviate work-related difficulties.

- c. **Case study** – A case study is a detailed study about a specific subject. Consider the scenario where many young-looking people under the age of 40 are dying of heart attack in India. So, a case study on this particular topic will analyse in detail about these deaths and help to uncover some previously neglected causes or symptoms of heart attacks. So, this in-depth analysis will help to educate people about the various signs and symptoms and will eventually result in saving many lives.

Organisations often conduct case studies in matters that concern their performance and output. These studies involving trainees will aid in describing, comparing, evaluating and understanding different aspects of a problem the company faces and teach them how decisions were arrived at in such practical situations.

- d. **Seminars** – A seminar is an occasion where experts and groups of people meet to study and discuss the topics of their common interest. After the completion of the presentation, the participants can ask the presenter their doubts, and the presenter can also reciprocate by asking questions to assess the understanding of the audience.

So, these seminars are interactive sessions where participants engage in discussing topics related to their work and passion. These sessions are usually headed by experts who coordinate and steer the discussions along the desired path. Its main idea is to improve the knowledge of the participants.

- e. **Role Playing** – As the name suggests, Role Playing is the act of imitating the character and behaviour of someone different from you. So, how can the playing process impart training? In a company, the manager will have a more challenging role than their subordinates. To improve the capability of the subordinates and to prepare them for more responsible tasks in the future, the management asks them to play the role of their supervisor. They will then be given a problem or work situation that has to be tackled in this particular role. Through role-playing, the employees experience different perspectives of a problem and learn to empathise with the company. This helps to a great extent in positively moulding the work attitude of the trainees.

- f. **Sensitivity Training** – The strained relationship as a result of the behaviour and attitude of certain people in an organisation will act as an obstruction that curbs the effective productivity of the company.

So, to avoid such a situation, the company has to equip its employees to be more sensitive and accepting of the existing diversity in the workplace. Sensitivity training is a form of training where people share their experiences and get to know and understand how others feel. It improves the emotional quotient of the employees by building a good interpersonal relationship within the organisation.

- g. **Lectures** – It is the most common type of off-the-job training method. It is a talk given on a particular subject by an expert. This method is mostly preferred when

orientation is to be given to a large number of Trainees in a short time. It is a very economical method as it does not require any extra arrangements. It is commonly used when general instructions are to be circulated to a large number of people. It might not be suitable when training is to be given in a specific area as the process entertains a large audience and the effectiveness of its influence among the trainees can be debatable.

- h. Audio Visuals** –Studies have proved that audiovisuals engage people by visualising concepts, which eventually aids in their effective understanding and retention for a longer duration.

Audio Visual is electronic media possessing both sound and visual components, such as films, television programs, slide presentations, etc. It is a lecture. Utilizing communication media directed at both the sense of sight and the sense of hearing.

- i. Simulation** – Have you heard about how astronauts train and prepare before going to space? One of the most important things to prepare for space travel is the experience of weightlessness. For that, the astronauts travel in a zero-gravity flight, where the plane flies in a series of parabolas during which the travellers' experience weightlessness through free fall. The zero-gravity flight is an imitation of the actual space experience. This re-creation of a real-world process in a controlled environment is called Simulation. Simulation helps a great deal in putting forth real work situations in front of trainees so that they can learn and adapt to the actual challenging work conditions without much hassles.

3.1.5 Process of training

A training process involves the following steps;

1. Need assessment
2. Setting objectives
3. Designing
4. Implementation
5. Evaluation

Let's look at each step more closely.

Step 1: Need assessment

The primary step in the training process is to assess the need for training the employees. Organisations first find out why training is needed and who needs it. Training may be required when:



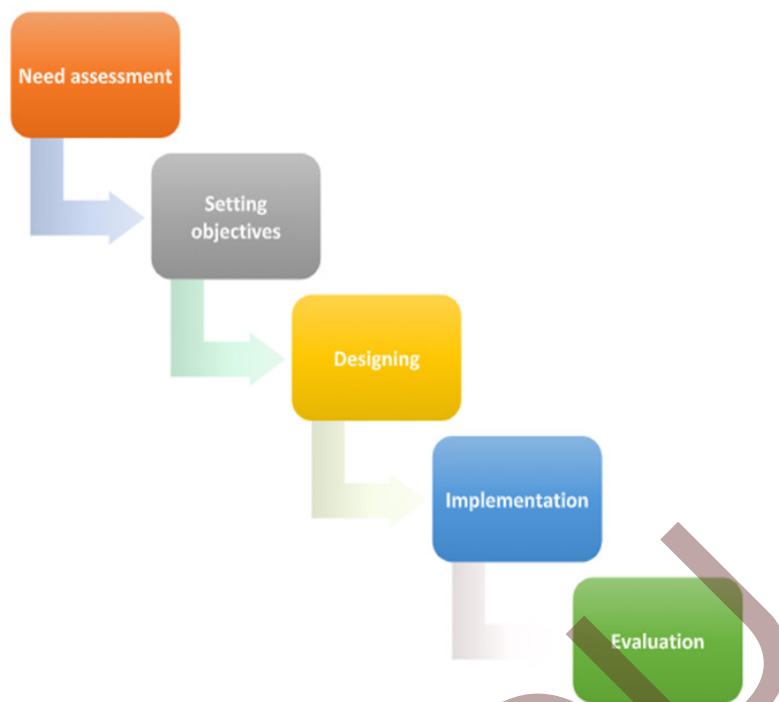


Figure:3.1.1 Training Process

- a. It is legally mandatory
- b. employees need to improve job skills or move into a different position
- c. The company wants to remain competitive and profitable.

If employees are not performing well in their jobs, then they are given training to rectify their mistakes. Sometimes, training has to be conducted as a part of quality control in order to avoid problems or accidents in the future.

The need assessment can be studied from two perspectives or levels: individual and group levels.

- a. The individual training is designed to enhance the individual's efficiency if he/she is not performing up to the standard.
- b. Whereas the group training is conducted to inculcate the new changes in the employees due to a change in the organization's strategy. For example, training is given to all employees when the company introduces new strategies, technologies, or work methods.

Step 2: Setting objectives

Once the needs are identified, the next step is to set objectives for which the training has to be conducted. The objectives must be SMART in nature.

S- Specific

M- Measurable

A - Attainable

R- Realistic

T- Time-bound

Clearly stated training objectives will help employers communicate what they want their employees to do. It reduces ambiguity in the minds of the trainees. The objectives are set keeping the past training programme in mind. The drawback in the previous training session will be rectified in the new one.

Step 3: Designing

Once the objectives are clear, the next step is to design the training. This stage involves making key decisions, such as: Who are the trainees? Who will deliver the training? What methods should be used—on-the-job or off-the-job? What resources are available? and how can the training improve performance most effectively?

Modern instructional design goes beyond simply choosing methods. Nowadays, training content is aligned with Bloom's Taxonomy to ensure learning outcomes progress from basic understanding to higher-order thinking. Designers also consider different learning preferences using the VARK model (Visual, Auditory, Reading/Writing, and Kinesthetic) and apply Knowles' Adult Learning Principles (Andragogy) to make training relevant, self-directed, and experience-based for adult learners.

When designing a training programme, companies don't just collect information; they also decide how to teach it in a way people understand easily. They make simple sketches (like comic strips) called storyboards to plan each lesson. They also develop SCORM-compliant content for smooth tracking and ensure seamless integration with Learning Management Systems (LMS). This helps employees learn better, faster, and without any confusion.

Step 4: Implementation

After the design of the training programme, the next step is to implement the training. Once it is decided, the time for the training is fixed along with the trainer who will be conducting the training session. Also, the trainees are monitored continuously throughout the training programme to see if the training is effective for them and if it is able to retain the employee's interest.

Step 5: Evaluation

The final step of a training program is to evaluate the session. Evaluation is meant for both the trainees and trainers. This is done through the feedback method. The trainees (employees) are asked if the training was useful to them. Through feedback, an organization can identify the weak spots, if any, and can rectify and improve them in



the next session. The evaluation of the training programme is very important because companies invest huge amounts in these sessions and must know their effectiveness in terms of money.

3.1.6 Evaluation of Training

3.1.6.1. Training Evaluation

The following are the essential requirements for successfully conducting a training program.

- ◇ Need to assess training requirements
- ◇ Identify an ideal location to conduct training
- ◇ Prepare a training schedule that is ideal for the participants
- ◇ Assign experts to conduct the program.
- ◇ Materials and equipment that support the training process should be made available.

The company has to allocate its resources accordingly to amass the above-mentioned essentials for conducting the training program. The company sacrifices some other aspects when funds are apportioned for training purposes. Apart from financial involvement in its conduct, successful training also ensures that the company's activities are efficiently and effectively carried out. A successful training program improves the knowledge, skills, and applicability of employees in their work. So, it is imperative from the company's strategic point of view to make sure, that the desired results of training are accomplished. The systematic process of assessing the effectiveness of a training program is known as Training Evaluation.

3.1.6.2 Training Evaluation Methods

We will now see the various methods by which the effectiveness of training programs can be evaluated.

- a. **Observation Method** : The college management assigns some competent staff to observe the conduct of training programs for faculties and evaluate the outcome of the whole process. The staff will not only observe the conduct of the training program but also perform follow-up observations on the teaching methods of the faculties and the performance of the students. The final training evaluation will be made on this basis. So, under the observation method, a competent authority designated by the company management will observe the proceedings during the training program. These observations ensure that the training process is done strictly as per the company guidelines. The authority will continue to observe the work of the trained employees to see the advancements they make in their routine areas.

- b. **Questionnaire Method** : After the completion of the training program, the trainees will be provided with a standard questionnaire which contains questions enquiring about the understanding, benefits, assessing the effectiveness of a training program. The responses from the questionnaire will act as an assessment regarding the effectiveness of the training program.
- c. **Interview Method** : Here, the trainees will be called up by the management for a face-to-face conversation. The interaction will be regarding the benefits they have acquired from the training program. Here apart from the standard questions from the part of management the trainees also get opportunities to express their opinions and suggestions about the whole training program.
- d. **Self-Appraisal Method** : A few months after the training program the trainees will be asked to judge their work. They will be asked to state the evident changes they observe in their work after attending the training program. The positive changes found in a trainee's work can be attributed to a successful training program.
- e. **Recording opinion of the trainers** : Eminent resource persons who conduct the training program will be aware of the extent to which the trainees have grasped the content of their sessions. The management can record the views of these experts to evaluate the training program. If the experts feel the majority of the trainees understood the session content, then the program can be identified as a success.
- f. **Cost-benefit analysis** : A comparison is made between the overall cost incurred for the conductance of the training program and the overall benefits received by the company as a result of the improved performance of the trained employees. If the benefits from training outweigh the costs associated with it, then the training program can be termed a successful endeavour.

3.1.6.3 Significance of training evaluation

Let us now look at the various benefits a company enjoys from performing training evaluations.

1. *How does evaluation ensure accountability of the training process?*

Training is provided when management figures out that there is a difference in the current and required competency levels of employees. Filling up this competency gap is vital for accomplishing the goals of the company. Merely organising a training program will not fill the gap. The company needs to ensure that the training program complies with its standard regulations and is good enough to bridge the existing competency gap. The accountability of the whole training program can be guaranteed through an evaluation process.

2. *Will evaluation help the company to cut its overall cost?*



Evaluation ensures that the training process is effective in improving the knowledge and skills of employees and thereby enhances the overall work quality of the company. Improved work quality reduces wastage of resources, which helps the company cut costs without compromising on quality.

3. *How does evaluation help to reduce the limitations of training?*

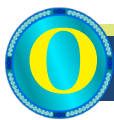
Evaluation of training measures the effectiveness of the process. If the training process is not up to mark, it can be identified through assessment. This information conveyed as feedback to the organisers of the training program will prompt them to identify and eliminate the weaknesses in the process.



Recap

- ◇ On-the-job training - trains the employee while performing regular work.
- ◇ Different types of On-the-Job Training are:
 1. Coaching – training where the supervisor guides employees to learn by doing
 2. Understudy – observing and learning through assisting the supervisor
 3. Job Rotation – provide learning by moving employee from one job to another
- ◇ Off the Job Training – training employees at specific locations away from the workplace
- ◇ Different types of Off-the-Job Training are:
 1. Special courses – special courses designed for imparting special skills and knowledge. Conference – the gathering of people discussing a subject of common interest.
 2. Case study – detailed study about a specific topic or scenario.
 3. Seminars – the gathering of people to discuss a stated topic.
 4. Roleplaying – the act of imitating someone different from you.
 5. Sensitivity training – unorganised meetings between employees to make them more sensitive to each other.
 6. Lectures – talk given by an expert.

7. Audio Visuals – training using electronic media possessing sound and visuals.
 8. Simulation – re-creation of real-world processes in a controlled environment.
- ◇ Training Evaluation – The process of assessing the effectiveness of the training program.
 - ◇ Various training evaluation methods are:
 1. Observation
 2. Questionnaire
 3. Interview
 4. Self-Appraisal
 5. Recording the trainer's opinion
 6. Cost-benefit analysis
 - ◇ Training is the act of increasing the knowledge and skills of an employee for doing a particular job.
 - ◇ Need for training is:
 1. Mold the new employees
 2. Update the existing employees
 3. To cope with business environmental changes
 4. To support internal mobility
 5. To increase productivity
 - ◇ Objectives of training are:
 1. Enhance the quality of output
 2. Improve employee efficiency
 3. Develop organisational culture
 4. Achieve personal growth
 5. Reduce accidents
 6. Reduce cost of production
 7. Update employees



Objective Questions

1. How can a company eliminate its employee's competency gap?
2. What does an employee achieve through training?
3. How does training help existing employees?
4. Why is training necessary during the promotion?
5. What kind of training is suitable for learning about practical tasks?
6. Where does the company conduct on-the-job training?
7. What type of training is held at locations away from actual work?
8. How can the trainees be familiarised with the job responsibilities of their manager?
9. What type of training is used to improve the emotional quotient of employees?
10. What kind of off-the-job training exposes employees to real work conditions beforehand?
11. What is the main objective of training evaluation?
12. Which evaluation method gives scope for the trainee's opinion on training?



Answers

1. Through training
2. New skills and knowledge
3. Update the existing knowledge
4. Helps to perform superior task
5. On the Job Training
6. At the regular work site
7. Off-the-job Training

8. Role Playing
9. Sensitivity Training
10. Simulation
11. Find the effectiveness of training
12. Interview Method



Self-Assessment Questions

1. What are the objectives of training ?
2. Explain the importance of training employees
3. What is meant by On-the-job training?
4. Specify the limitations of On -the -job training.
5. Explain the term 'training'.
6. What are the goals of training?



Assignment

1. Interact with trained employee and find out the benefits he/she obtains out of a training process.
2. Try to interact with employees of different companies and find out the type of training approaches followed at their work places.
3. Gather information regarding the various methods of training practices followed in a company familiar to you.
4. Interact with an HR personnel of a company familiar to you and assess the training evaluation process of that company.



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Suggested Reading

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Unit - 2

Development



Learning Outcomes

At the conclusion of this unit, the learner will be able to:

- ◇ get an awareness of the concept of Management Development
- ◇ explain the objectives and features of Management Development
- ◇ examine different types of management development
- ◇ aware of the difference between Training and Development



Prerequisite

Have you ever observed how a fresher joins a company and, within a few years, becomes a confident manager? In the beginning, the person may only know basic tasks. But over time, they learn how to handle teams, solve problems, make decisions, and manage pressure. This does not happen suddenly—it is a gradual process.

For example, in companies like Infosys or TCS, fresh graduates are first trained in technical skills. Later, they are developed into team leaders and project managers by improving their leadership, communication, and decision-making abilities. This shows that development is not just about learning a job, but about growing as a person to take on bigger responsibilities. It involves changes in skills, knowledge, attitude, and thinking ability.

We can say that management development is a continuous process that helps individuals grow from performing tasks to managing people and organizations effectively.





Keywords

Management Development, On-The-Job Techniques, Off-The-Job Techniques, Coaching, Job Rotation, Under Study, Multiple Management, Case Method, Incident Method, Role Playing, Basket Method, Sensitivity Training, Simulation, Conferences, Grid Training And Lecture Method.



Discussion

3.2.1 Management Development

Most companies and banks organise development programmes to develop their talent pool. This process is commonly known as management development.

Management development is a structured process that helps to develop the skills and abilities of the managers in an organisation.

It includes participation in formal managerial development sessions and actual job training. It is an educational process designed to develop behavioural changes in managers by providing conceptual skills, theoretical knowledge and on-the-job practices to the managers.

According to Flippo, management development can be defined as;

“Management development includes the process by which managers and management acquire not only skills and competency in their present jobs but also capabilities for future managerial tasks of increasing difficulty and scope.”

3.2.2 Characteristics of Management Development

The major characteristics of management development involve the following;

- ◇ Management development focuses on preparing managers for better performance.
- ◇ It is an educational process conducted for the managers and management trainees
- ◇ It is a continuous and systematic process conducted by organisations.
- ◇ It includes both theoretical sessions and practical applications.
- ◇ It aims at the behavioural change and skill development of managers.

3.2.3 Objectives of Management Development

The major objectives of management development include;

- ◇ To develop the thought process and analytical skills of managers.
- ◇ To study and analyse the problems of human resources in the organisation and provide support to them.
- ◇ To develop creative thinking among managers.
- ◇ To provide career development to the managers in the organisation.
- ◇ To maintain motivation and morale among managers.
- ◇ To create healthy competition in the organisation.
- ◇ To provide a better work environment through knowledge-providing programmes.
- ◇ To identify the skills and potential of each manager and promote them to better positions.

3.2.4 Principles of Management Development

Management Development programmes are formulated and performed by the top-level management based on some principles. This basic principle helps to make organisational activities effective.

- ◇ Top-level management should evaluate the development needs of managers through performance analysis.
- ◇ The organization should integrate the career planning and career development process with the management development activities
- ◇ The management development activities of the organizations should be based on the new managerial concepts and practices.
- ◇ All levels of managers should be encouraged to undergo managerial training and development programmes. It helps them to familiarize themselves with the organizational environment.
- ◇ The content of the management development programme should be based on the development needs of the managers.
- ◇ Every manager or management trainee should be motivated to participate in development activities.

3.2.5 Types of Management Development

We can classify the management development activities into two types. One is On-the-job techniques and the other is off-the-job techniques.



Now let us learn about these management development types

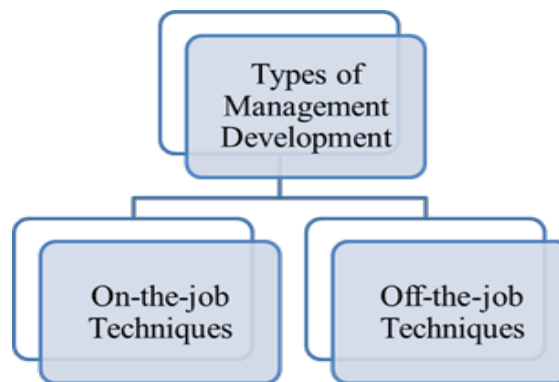


Figure 3.2.1 Types of Management Development

3.2.5.1 On-the-job Techniques

This type of development focuses on learning through the experience of the job. Bank employees usually perform various duties such as transferring money, NEFT-RTGS transactions, cheque clearance, foreign exchange transactions, solving customer complaints, etc., and it is possible through on-the-job training.

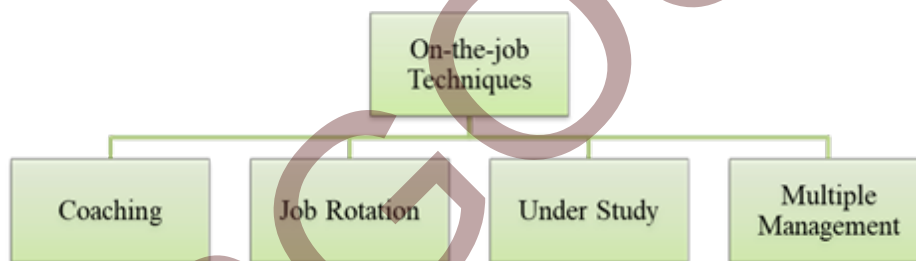


Figure 3.2.2 On-the-Job Techniques

1. Coaching

Coaching for Medical entrance and Engineering entrance examinations is common in our society. Systematic training and skill development through creating real examination experiences are important parts of this coaching.

Coaching is a type of development. In this method, an experienced person supports learners in achieving their personal or professional goals and objectives through guidance and training. Coaching is important not only for examinations but also for human resource development in organisations.

2. Job Rotation

Assume that Rayna is working in a private Sector bank. This bank has a special practice that allows their employees or staff to work in every department through the rotation of jobs. Through this rotation, Rayna was alternately moved to various departments like operations, sales, cash, verification department, clearance department, etc.

This work rotation helps her to learn the activities of each department, methods of handling different issues related to the customers, acquire knowledge about banking products, etc. This gave her more experience in handling customers and banking operations.

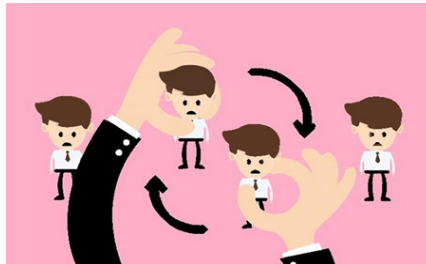


Figure 3.2.3 Job rotation:
Employees shift from one job role to another to familiarize themselves with all the verticals of an organisation.

Likewise, most organisations facilitate the movement of trainees or employees from one job to another. This practice is known as job rotation. We can also see this practice in IT firms. In IT firms, employees can work in different roles, such as developer, quality analyst, requirement analyst, etc. It will help employees to acquire other skills and become familiar with various departments.

3. Under Study

Das is the marketing manager of a well-known FMCG Company. Now, he is preparing to move to a higher position in another company for his career growth. Management gave him a duty before he left the job. Before quitting the job, management instructed him to provide training and support to Ajith, who is to be appointed as the new marketing manager. Ajith worked with Das as an assistant and acquired the skills of a marketing manager. This helped Ajith improve his managerial skills, and he got a clear idea of the job. When Das left the company, Ajith got the position of marketing manager, and he did the job well.

Under this system, a person is selected and trained by the organisation. In the future, this trained person will assume full responsibility for the position which is currently held by the superior or manager. This method helps to maintain continuity in managerial talent even when the superior leaves or is absent in the organisation.

4. Multiple Management

It is a specialised practice in which permanent committees of junior managers study the issues and problems related to the organisations. Then, they give suggestions to the top authorities of the organisation. It is also known as the junior board of executive system. This will help solve organizational problems effectively and help make better decisions for the organisation.

The multiple management techniques involve some advantages over other methods which are;

Management trainees or junior managers will get the opportunity to acquire knowledge of various managerial aspects of the organisation.

It helps management identify the skills and competencies of the members who have the potential to become efficient managers.

It is relatively inexpensive and more result-oriented.

3.2.5.2 Off-the-job Techniques

Off-the-job techniques provide the trainees with theoretical knowledge of the job. It helps to overcome the limitations of the on-the-job development techniques by providing theoretical knowledge. Now, let's go through the major off-the-job techniques.

1. The Case study

You may have heard the word 'case' in connection with legal procedures as well as in the medical field and management.

In management, case means the records prepared based on the actual business situations or business problems in an organisation or an industry. These records will be helpful for future research, decision making and learning how to overcome similar business situations or problems.

The case study method is a widely used off-the-job development method. In this method, the trainees or new employees are given cases to understand the business problems, identify solutions, and decide upon the case.

The case study helps to improve the decision-making skills of the participants. It also helps sharpen the analytical and judging abilities of the trainees.

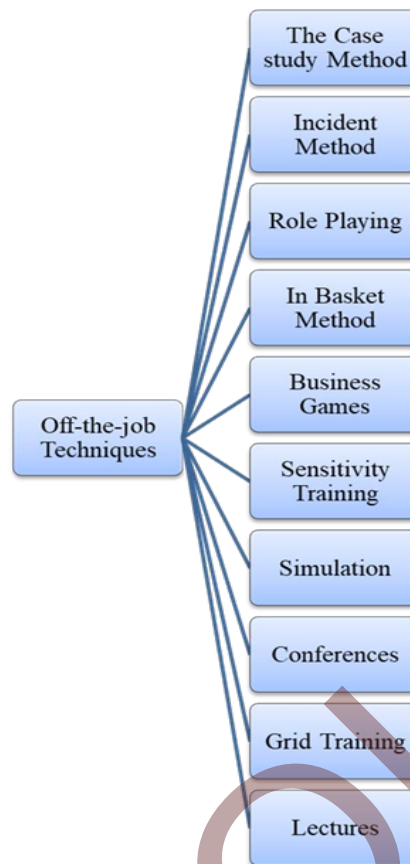


Figure 3.2.4 Off-the-job techniques include the case method, incident method, role-playing, in-basket method, business games, sensitivity training, simulation, conferences, grid training and lectures.

(The figure given below represents some of the major skills that can be developed through the case study management development method.)

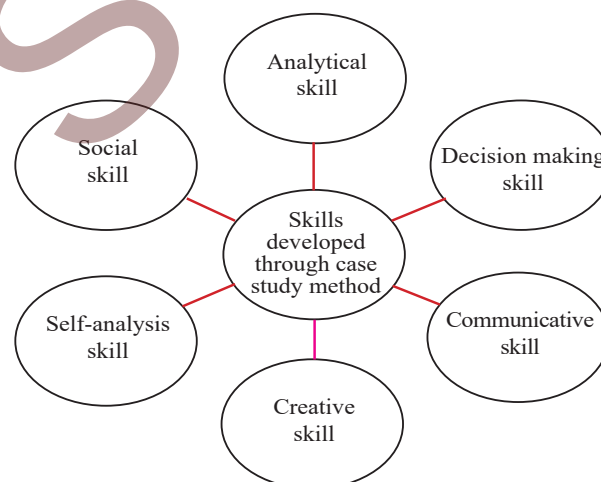


Figure 3.2.5 Skills developed through the case study method involve analytical skills, decision-making skills, communication skills, creative skills, self-analysis skills and social skills.

- **Analytical Skill**

The analytical skill involves critical thinking, communication, data analysis and research of the situation. Through analytical skills, one person can analyse the given information or situation. It helps develop trainees' thinking processes.

- **Decision-making skill**

Management is decision-making. The success of a manager depends on their decision-making skills and analysis of how the manager handles each situation in the organisation. A manager with good decision-making skills can identify and solve problems quickly.

- **Communicative skill**

In the case study method, the trainee has the opportunity to present their findings and suggestions to others. Both oral and written communication skills are developed through writing and presenting.

Case study findings, reports, analysis and suggestions, etc.

- **Creative skill**

Each person sees the business case from their point of view. So, the suggestions and decision-making in that case will be based on their creativity. Continuous analysis and study of business cases will help to develop the creative skills of the manager.

- **Self-analysis skill**

The case study helps the trainee to understand their strengths and weaknesses. Based on the trainee's approach towards a case, the trainer can analyse which area the trainee has more expertise in and in which area needs improvements, etc., which can be understood through the case study method.

- **Social skill**

The case study method is a good platform for sharing opinions, suggestions, etc. So, we can consider case discussion as a social process. It also provides an opportunity for the trainee to interact with colleagues and workgroups.

2. Incident Method

The incident method aims to develop trainees' practical judgment, social awareness, and decision-making skills. In this method, incidents based on actual organisational situations are prepared. Each trainee is asked to study and analyse the given situation or incident to make a solution or decision for the problem. After that, the trainees interact with each other in the group and share the decisions taken by each member. We can consider this method as a combination of the case study method and the basket method.

3. Role-playing

We have been familiar with role-playing since our school days.

“Role-playing can be considered as an act of imitating the behaviour of someone different from you.”

In role-playing, a problem situation is simulated by asking the trainee to take on the role of a problem-solving person. Role-playing helps the trainees to understand the behaviour of other people in various situations. Through this method, the participant or trainee can learn human relations skills, handling grievances, etc., through actual practice.



Figure 3.2.6 is an example of a role-playing situation.

A consumer purchased an android phone and claims that the phone doesn't meet the features specified by the manufacturer. How would you handle this situation if you were the representative of the Phone manufacturing firm? (Instead of giving a refund to the customer, try to analyze the nature of dissatisfaction and now can we solve this issue). The solution is given below.

Customer: Hi, I bought this android phone in the last week, but I think it doesn't perform as well as described on your company website. This phone has low memory than you mentioned in the advertisement.

Representative; Hi sir, Can you give me that phone? Let me check.

Customer: Ok.

(The customer gives the phone to the representative)

Representative: Oh, sir on our website it is mentioned that 60 GB expandable memory. So, we have 8GB of internal memory and if you need to expand the memory you can use a memory card. I will show you the memory cards available with us if you are interested.

Customer: Ok, thanks for giving your valuable support. It's my mistake.

4. In-basket method

In this technique, the trainee or participant is given background data about a simulated organisation. The data involves basic details of the organisation, products, key personnel, growth of the firm, organisational achievements, etc. The participant or trainee should learn and analyse the given data, prepare notes, and prepare memos within a Limited time. The important objectives of this method involve

- ◇ To develop situational judgment skills in the participants. Situational judgment skill involves the ability to recall details, establish priorities, etc.
- ◇ To develop decision-making skills among participants.

5. Business Games

Business games are another management development technique that helps the trainee to develop quickness of thinking, leadership qualities, stress management, etc.

In business game techniques, the participants are divided into different teams or groups. Each team studies and discusses concerns such as production, marketing, expenditure, etc. and arrives at decisions. The team or group sees itself as the management of a simulated organisation. The other team sees itself as the competitor, so they react to the decision that has been developed. This helps to analyse the decision-making ability of each team through better interaction between teams.

6. Sensitivity Training

Sensitivity training creates an experimental situation that helps the trainee to know more about himself and the impact of his behaviour and character, among others. It also allows the trainee or participant to develop trust and respect for others. The result of sensitivity training is given below. It is also called T- group Training.

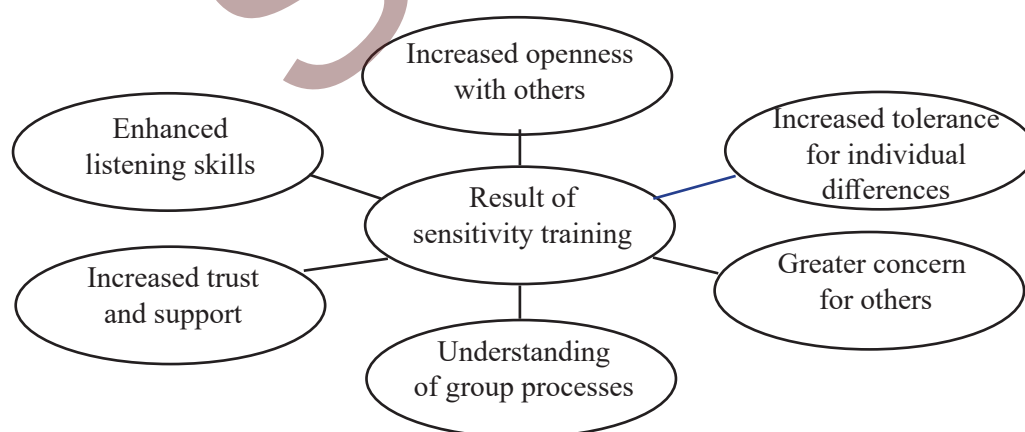


Figure 3.2.7 Results of sensitivity training

7. Simulation

In the simulation method, the organisation places the trainee in an artificial situation that is closely imitated by the actual organisational condition or organisational environment. Then, the trainer demonstrates the problem, and the trainee feels that they are encountering that situation. The participant has to respond and make the decision in the given situation.

8. Conferences

A conference is a type of meeting. In this method, people discuss the subject of common interest and organisational problems. It allows the trainees to express their ideas related to the subject in front of other participants. It supports management in studying, analysing, and evaluating organisational problems from different viewpoints. The success of this method depends upon the ability of the conference leader. The leader must be careful to avoid deviation from the focus area of the conference. In addition to that, the leader must encourage and support the other participants.

9. Grid training

Managerial grid is a well-known off-the-job technique of development. It involves six phases lasting from three to five years. This grid helps the participants develop leadership and decision-making qualities by providing several leadership styles in each phase. Each leadership style is a combination of two basic concerns: the first one is a concern for people, and the second one is a concern for production. Let's go through the phases of the managerial grid.

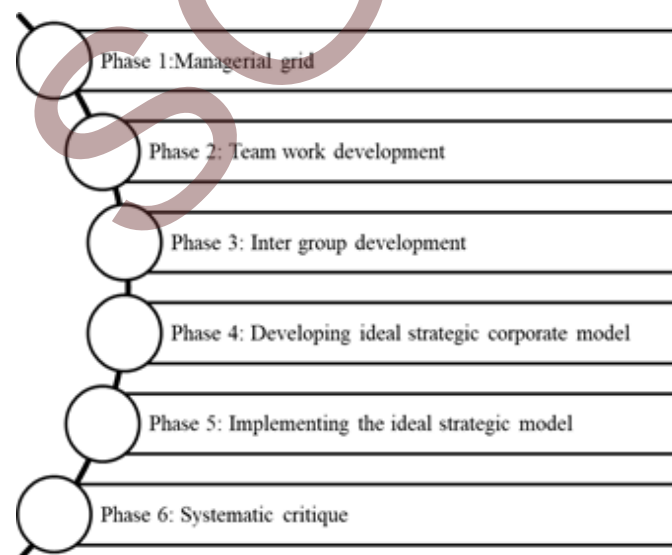


Figure 3.2.8 Six phases of grid training

◇ **Phase 1- Managerial Grid**

This phase involves assessing different managerial styles, communication skills, teamwork, problem-solving, analytical skills, etc. Here, each individual or trainee tries to learn how to become a good manager through practice.

◇ **Phase 2- Team Work Development**

In this stage, teams or groups are developed. They also start to participate in team activities as per the management development programme. Here, the trainee or participant acquires some skills related to planning, goal setting, decision-making, etc.

◇ **Phase 3- Inter-group development**

Inter-group development helps to create cooperation among the trainees, and it focuses on group behaviour and relations. Inter-group relations are developed in each group through the management development programme, and that helps to create interaction between trainees.

◇ **Phase 4- Developing an ideal strategic corporate model**

The ideal strategic corporate model helps to develop the skills that are necessary for organisational as well as industrial excellence. This model is created to analyse the characteristics of an ideal organisation. The training and development of the trainees are based on this model.

◇ **Phase 5- Implementing the ideal strategic model**

Here, the organisation implements the developed ideal strategic model in the managerial grid programme. This strategic model implementation is mainly based on the organisational structure and size.

◇ **Phase 6- Systematic critique**

After implementing the ideal strategic model, we should observe and evaluate the efforts from phase one to phase five. This evaluation helps to know the gap between the model and the actual performance of the system, if any.

10. Lecture Method

Lectures can be considered as the simplest management development techniques. This method is like classroom teaching, and it presents and explains the concepts, principles, and other concepts related to management for employee skill development. However, it does not allow the participant to understand the organisational situation practically. The major advantages of the lecture techniques are;

- ◇ It helps to provide training and development to a large group of trainees or participants.
- ◇ It helps to present and analyse the overview, principles, procedures, etc., related to the subject.

- ◇ The lecture method can be considered a time-saving method because it helps the trainees to easily understand the theoretical details of the subject or situation.

3.2.6 Development Process

Think of the development process as constructing a house. No one begins by randomly stacking bricks and hoping a structure will emerge. It starts with a clear blueprint, what the house should look like, how many rooms it needs, and what purpose it will serve. Then comes a planned sequence: laying a strong foundation, building the structure step by step, and ensuring each layer supports the next. Along the way, adjustments are made based on practical realities, materials, the environment, and design improvements. Similarly, employee development in organizations is neither accidental nor unplanned. It requires clarity of purpose, a structured approach, and continuous refinement to ensure that individuals grow in ways that align with both their potential and the organization's long-term goals. Now let's see the various steps or process of development.

- ◇ **Step 1: Identifying Development Needs:** Identifying Development Needs is the foundation of the entire development process, because without knowing what exactly needs improvement, any effort will be unfocused and ineffective. Organizations begin by carefully diagnosing gaps between current performance and expected performance. Tools such as Performance appraisals, succession planning, and 360° feedback ensure development focuses on the right areas, for example, improving leadership skills rather than technical skills when needed.

For instance, Priya, a Sales Manager, consistently achieves her targets, indicating strong technical competence, but struggles to motivate and engage her team. While her performance appraisals may rate her high on results, feedback from her team and peers highlights issues in leadership and people management. This clearly points to her development needs not in sales skills, but in building effective people leadership capabilities.

- ◇ **Step 2: Setting Development Goals**

After identifying what needs to be improved, the next step is to set clear development goals. These goals give direction to the entire development process and make sure efforts are focused and meaningful. The goals should be specific and easy to measure. For example, a goal could be to “improve team engagement within six months by conducting regular meetings and encouraging feedback. “Usually, both the employee and the manager decide these goals together so that individual growth matches the organization's needs. In Priya's case, since her challenge is not sales performance but team management, her goal would focus on improving leadership skills, such as better communication, motivating her team, and increasing team satisfaction. This step helps convert identified gaps into clear, actionable targets that guide improvement.

- ◇ **Step 3: Designing development programs**

After setting goals, the organization moves to designing development programs. At this stage, suitable methods are selected, such as training programs, workshops,



mentoring, coaching, or job rotation. The idea is to choose the right approach based on the type of skill that needs to be developed.

◇ **Step 4: Implementing the development plan**

Once the development program is designed, the next step is to implement it. This is where learning actually begins. Employees start attending training sessions, participating in workshops, working with mentors, or taking up new responsibilities as planned. It is not just about sitting in a classroom. Real development happens when employees apply what they learn in their day-to-day work.

At this stage, both the organization and the employee play important roles. The organization must provide the right support, resources, and opportunities, while the employee must actively participate and show willingness to learn and improve.

◇ **Step 5: Monitoring Progress**

The organization regularly checks how well the employee is improving. Feedback is given, and necessary changes are made if the development plan is not working as expected. This step ensures that development stays on track and does not become a routine activity without results. Regular check-ins, performance reviews, and informal discussions help identify what is working and what needs adjustment. It also keeps the employee motivated, as they can clearly see their progress and areas for further improvement.

◇ **Step 6: Evaluating Development Outcomes**

At the final stage, the organization looks at whether the development efforts have actually made a difference. It checks if the employee has improved in terms of performance, skills, or behaviour after going through the development activities. This step is important because it shows whether the time, effort, and resources invested have produced real results. It also helps the organization learn what worked well and what needs to be improved in future development programs.

Overall, the development process is not something that happens once and ends. It is a continuous cycle where employees keep learning and growing, and the organization keeps adapting to new challenges and goals.

3.2.7 Training Vs Development

Difference between Training and Development

Training and Development help in developing leadership skills, motivation, loyalty, and better attitudes, as well as other aspects that successful workers and managers typically display. Now, let's discuss the differences between Training and Development:

Aspect	Training	Development
Purpose	Helps employees refine their skill to excel in their current role.	Nurtures employees for today and for future opportunities.
Scope	Narrow,current and job specific,immediate needs	Broad, holostic,long-term career growth
Duration	Short-term learning activity	Long-term process
Focus	Specific skill and tasks	Broad capabilities and future readiness
Level of employees	Designed for non managers as well as managers	Involves only managerial personnel

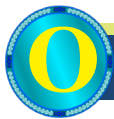


Recap

- ◇ Management Development : A structured process helps to develop the skills and abilities of the Managers
- ◇ Characteristics of Management Development :
 1. Focus on preparing managers for better performance
 2. Educational process conducted for the managers and management trainees
 3. Continuous and systematic process
 4. It includes both theoretical sessions and practical applications
 5. It aims at the behavioural change and skill development of managers
- ◇ Objectives of Management Development:
 1. To develop the thought process and analytical skills of managers
 2. To study and analyse the problems of HR
 3. To develop creative thinking among managers
 4. To create healthy competition



5. To provide a better work environment
6. To identify the skills and potential of each manager
- ◇ Major On-the-job techniques: coaching, job rotation, under study, multiple management
- ◇ Major Off-the-job techniques: the case method, incident method, role-playing, in-basket method, business games, sensitivity training, simulation, conferences, grid training and lectures



Objective Questions

1. What is management development?
2. What are the types of management development?
3. What is job rotation?
4. What is the under-study method?
5. What is the multiple management method?
6. What is the in-basket method?
7. What is the business game method?
8. What is sensitivity training?
9. What is simulation?
10. What is grid training?
11. What is the lecture method?



Answers

1. A structured process helps to develop the skills and abilities of the managers in an organisation.
2. On-the-job techniques and off-the-job techniques.
3. The movement of the trainee or employees from one job to another.
4. A person is selected and trained by the organisation.
5. It is a practice in which committees of junior managers study the issues related to the organisations.

6. The participant is given background data about a simulated organisation.
7. The participants are divided into different teams or groups. Each team studies concerns such as production, marketing, expenditure, etc., and makes decisions.
8. It creates a created or experimental situation that helps the trainee to know more about himself and the impact of his behaviour and character, among others.
9. The organisation places the trainee in an artificial situation that is closely imitated by the actual organisational condition or organisational environment.
10. The process helps the participants to develop leadership and decision-making qualities by providing several leadership styles in each phase.
11. It presents and explains the concepts, principles, etc., related to management foremployee skill development.



Self-Assessment Questions

1. Differentiate between training and development
2. Summarize the advantages and disadvantages of case study method.
3. Write a short note on role play method.
4. Write short note on conference method.
5. Explain the concept of T-Group training



Assignment

1. Analyze the need and importance of management development in the Indian context.
2. List out the differences between the conference method and lectures method of off-the-job technique.





Reference

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Suggested Reading

1. Subba Rao, P. (2019). *Personnel and Human Resource Management* – Himalaya PublishingHouse.
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3. Aswathappa, K. (2020). *Human Resource Management* – McGraw Hill Education



BLOCK - 04

Performance Appraisal and Compensation

Unit - 1

Performance Appraisal



Learning Outcomes

At the conclusion of this unit, the learner will be able to:

- ◇ familiarise with the concept of Performance Appraisal
- ◇ explain the features, objectives, and significance of Performance Appraisal
- ◇ familiarise the methods of Performance Appraisal
- ◇ get an awareness of the concept of career planning



Prerequisite

Think back to your school days. At the end of every term, your teachers didn't just give you marks randomly; there was a clear method behind it. Your Maths teacher checked how well you solved problems, your English teacher looked at how clearly you expressed ideas, and your Science teacher observed how you handled experiments. In short, each teacher evaluated you based on specific expectations for that subject.

But evaluation was not limited to marks alone. You would also see remarks like "Shows curiosity but needs better time management" or "Very active in class, keep it up." These comments were not meant to criticise but to guide you. They helped you understand your strengths and the areas where you could improve. Sometimes, discussions with parents followed, and new goals were set for the next term. By the end of it, you had a clear idea of where you stood and what needed to be done next.

Another important point, every student was not judged in the same way. A student who found Maths difficult was not unfairly compared with the topper. Instead, the focus was on individual progress and improvement. The aim was development, not just ranking.

Performance appraisal in organisations follows a very similar logic. Employees are evaluated based on their specific roles, responsibilities, and targets. It is a structured process that not only measures performance but also provides feedback,

recognises achievements, identifies gaps, and sets future goals. Just like a school report card helps a student grow, a performance appraisal helps employees improve while ensuring their efforts contribute to the overall success of the organisation. In this unit, you will clearly understand the concept of performance appraisal and its methods.



Keywords

Performance appraisal, Confidential report, Checklist, MBO, 360-degree appraisal, Halo effect, Bias effect, Spillover effect, Recency of events, Rater effect, Career planning, Personal Development Plans, Workshops, Career counseling



Discussion

4.1.1. Performance Appraisal - Meaning

You know that every organisation operates in an orderly and systematic manner. So, an organization needs to measure the employee's performance. It helps to identify the strengths and weaknesses of the workforce, and employees can evaluate their performance. The term performance appraisal is related to analyzing employee performance.



Figure 4.1.1 Performance Appraisal

Performance appraisal is a systematic and formalized process to analyze and evaluate how well an employee does his job. It is also known as performance review, merit evaluation or merit rating. Performance appraisal is the periodic evaluation done by supervisors of the firm or other trained persons to analyze the employee's performance for making career decisions. Recruitment, selection, providing training for the existing staff, promotion, motivation, maintaining a quality workforce, etc. are based on performance appraisal. The absence of a reliable appraisal system affects the whole functioning of the HRM process.

4.1.2 Nature of Performance Appraisal

Major characteristics or nature of performance appraisal include;

- ◇ Performance appraisal is a systematic evaluation of an employee's performance in terms of the job.
- ◇ It is conducted periodically based on definite procedures. It is the process of analyzing the strengths and weaknesses of the workforce in an organization.
- ◇ Information obtained from the appraisal system is useful for identifying and making decisions related to the human resources of the firm.
- ◇ Performance appraisal is a scientific and continuous review of individual efforts in an organization.

4.1.3 Objectives of Performance Appraisal

The major objectives of performance appraisal are

- ◇ To measure the employee performance over a while.
- ◇ To analyze the success of training programmes and also to identify the area in which training is required.
- ◇ To study the gap between standard performance and the actual performance of each employee.
- ◇ To evaluate the strength and weakness of the current workforce of the firm.
- ◇ To inform the workforce about organizational expectations to be performed by them.
- ◇ To help the management in decision-making regarding promotion, motivation, salary increase, etc. To avoid grievance and disciplinary practices of the human resource.

4.1.4 Need/Importance of Performance Appraisal

Now we can learn about the need for performance appraisal in an organization.

- ◇ It helps to provide information about the strengths and weaknesses of employees.
- ◇ Performance appraisal is needed for the continuous evaluation of employee performance.
- ◇ The information generated from performance appraisal helps to decide on human resource management.
- ◇ Performance appraisal helps to point out the shortage in employees regarding ability, skills, training, and development needs in a job.
- ◇ It helps the employees to know about their amount of achievements and improvement

4.1.5 Process of Performance Appraisal

In every organization each task involves its processes or steps, likewise, performance appraisal also includes a series of processes that help to evaluate employee performance systematically. The major steps involved in performance appraisal are given below.

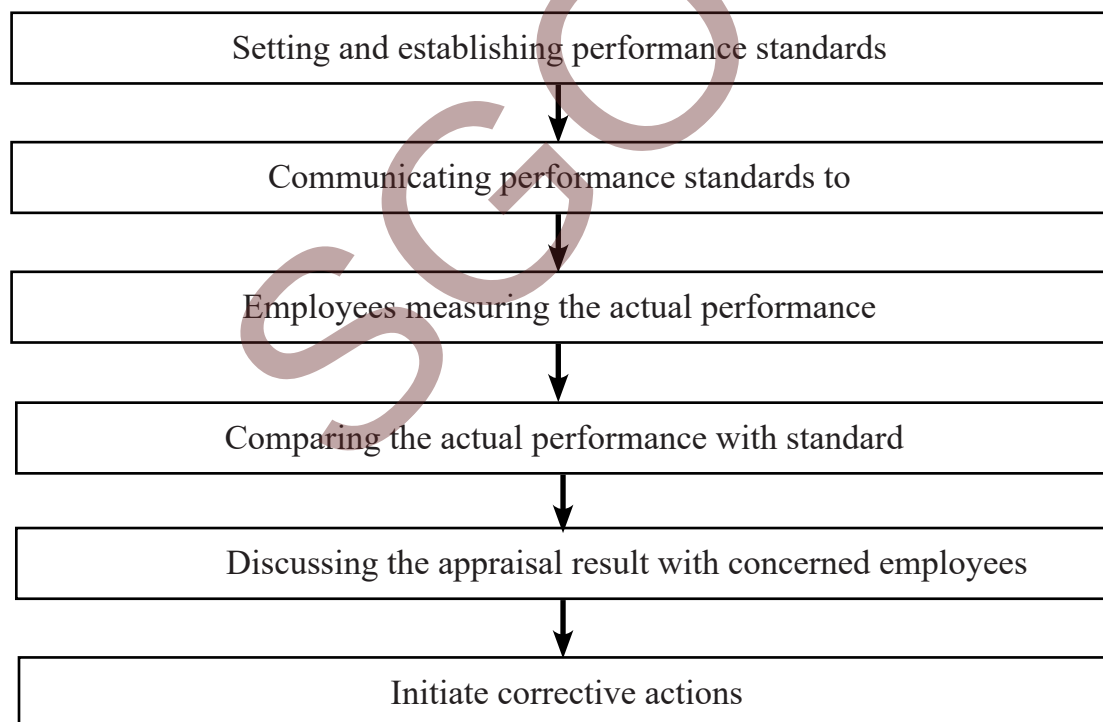


Figure 4.1.2 Process of Performance Appraisal

1. Setting and establishing performance standards

In our school days, we had to get a passing mark to pass the exam, which was considered a standard mark like wise organizations set some standards in terms of output, accomplishment, and skills of employees, etc. to measure the overall performance of the workforce. These standards are known as performance standards.

The performance appraisal process starts with setting and establishing performance standards. These performance standards will help to compare and analyze the actual performance of the workforce. It should be clear, easily understandable, and should express the expectations of the management from their employees.

2. Communicating performance standards to employees

After setting performance standards, it should be communicated clearly and perfectly to the workforce. It helps the employees to understand their roles, responsibilities, and organizational expectations. These performance standards also have been communicated to the evaluators or appraisers. The performance standards will be modified as per the feedback of employees and appraisers if required.

3. Measuring the actual performance

Measuring the actual performance of the workforce is a critical task for the organization. There are two main things to consider when measuring performance that is what to be measured and how to be measured. Here the evaluator should select appropriate techniques and criteria for measuring performance.

The selection of incorrect techniques or criteria leads to serious consequences. Personal observation, statistical reports, oral reports, and written reports are the major sources of data used for performance evaluation.

4. Comparing the actual performance with standard

In this stage, the appraiser compares the actual performance with the established standard. It helps the firm to disclose the deviation between the actual performance and the desired performance. The outcome of this comparison shows the actual performance being more than standard or, the actual performance being less than the standard performance.

5. Discussing the appraisal results with the concerned employees

Here the appraisal outcome is discussed with the concerned employees. It helps the employees to identify their strengths and weaknesses in terms of the job. And the organizations can understand and solve the problems of the workforce. The performance deviations and their causes are also discussed in this stage. The outcome of this discussion may create a positive or negative impact on the workforce.

6. Initiate corrective actions

At this point, organizations try to improve the performance of the workforce by taking corrective actions. Here the firm makes decisions regarding additional training, promotion, rewards, demotion, transfers, etc. to improve performance.

4.1.6 Methods of Performance Appraisal

We know that the academic performance of students in schools is measured only through examinations but in organizations, there are many methods to analyze the performance of employees. Let us get acquainted with them.

The methods of performance appraisal can be classified into two; traditional methods and modern methods. Each organization adopts separate appraisal methods based on its requirements.

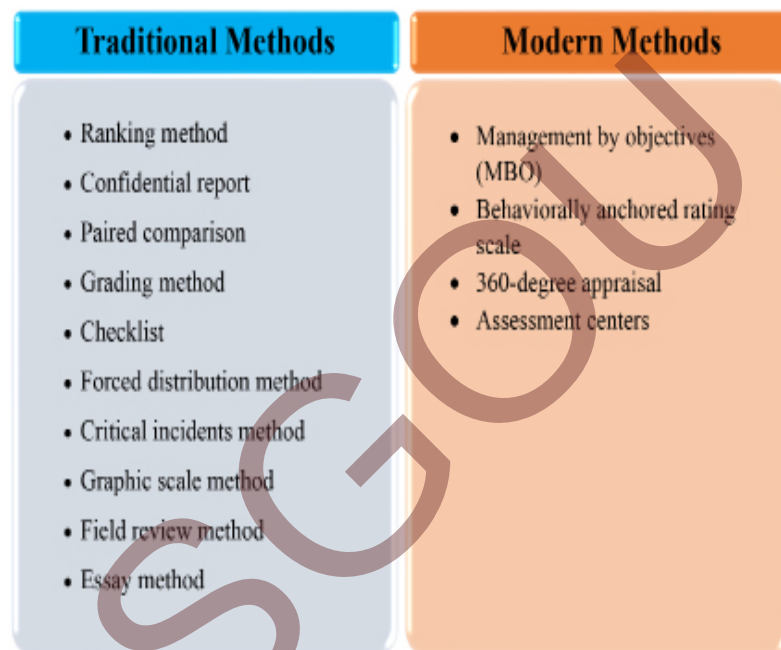


Figure 4.1.3 Methods of Performance Appraisal

4.1.6.1 Traditional Methods

Important traditional methods of performance appraisal are given below.

1. Ranking method

In the ranking method, the evaluator ranks the employee's performance. It is one of the easiest methods and is also known as the straight ranking method. The evaluator analyses each employee's performance against peers and provides ranks from highest to lowest. If there are nine employees in an organization to be ranked then there will be

nine ranks from 1 to 9. This method helps to determine the position of each employee in the organization.

2. Confidential report

The confidential report method is used by Government organizations like government undertakings, departments, etc. In this method, a reviewing officer will prepare a detailed report on the employee's performance and the outcome of this analysis leads to promotion, career advancement, transfer, etc. of the employees.

3. Paired comparison method

The paired comparison method is a step-up form of the ranking method. In this method, employees are placed in groups and the appraiser ranks each employee by comparing one employee with all others in the group. This method helps in determining the promotion of employees who play similar roles.

4. Grading method

You know about the current grading system in schools. Today, grades are more important than marks. Do you remember the grades you got in the SSLC examination?

In this grading method, certain categories (like outstanding, good, average, poor or very poor or maybe in terms of alphabet A, B, C, D, E, etc.) are defined in advance and employees are put in a particular category based on their performance. The biggest disadvantage of this method is that employees have a chance to get a high rating than their performance.

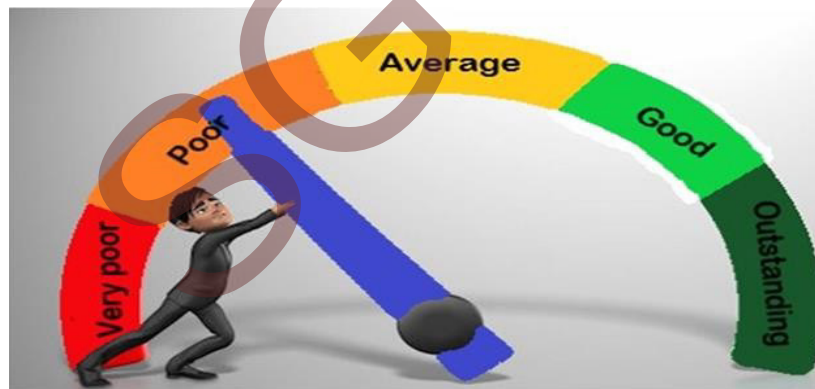


Figure 4.1.4 Grading Method

5. Checklist

In this checklist method, the evaluator is provided with an appraisal form containing statements or questions for measuring employee performance. These statements or questions are prepared in a systematic manner that indicates the behaviour of the concerned appraisee. The evaluator or appraiser prepares the appraisal report by answering these questions, after finishing the checklist, the collected data will be sent to the personnel department to prepare the score of all employees.

6. Forced distribution method

Here the performance level of employees converts to a normal statistical distribution to avoid the trend of getting a higher rating for most of the employees. For example, 10% of employees may be considered as excellent, 30% as above average, 20% as average, 20% as below average, and 20% as poor.

7. Critical incidents method

The critical incidents method helps the organization to identify the potential of employees based on critical situations. Here the evaluator notes the positive and negative behaviour of employees in the critical situations of the organizations and analyzes who has the highest capability and potential to work in the critical situations. Then the result is communicated to the employees to realize their ups and downs in behaviour. A major disadvantage of this method is that the evaluator should write down the critical incidents frequently to measure employee performance accurately and it is a time-consuming process for evaluators.

8. Graphic Scale method

The graphic scale method is also known as the linear rating scale method. Here the performance of employees is measured by using a printed appraisal form. This form describes the quality, emotional stability, leadership skill, attitude, initiative skill, etc. required for the work. The biggest drawback of this method is that there is a chance of bias while rating employee performance.

9. Field review method

In this method, the performance of employees is not measured by the direct superior but measured by another person usually from the personnel department. Here the rating is based on past performance, productivity, absenteeism, etc. This method is useful for determining promotion for employees.

10. Essay method

Here the appraiser records a detailed description of the employee's performance, capabilities characteristics, product knowledge, strengths and weaknesses of the employee, training needs, past performance, etc. The essay method is simple in format and the appraiser does not require any additional training to complete it.

4.1.6.2 Modern methods

Modern methods of performance appraisal include;

1. Management by Objectives (MBO)

The concept of Management by objectives is introduced by Peter Drucker. This is considered a participative method, where employees and superiors identify common goals together and also employees set short-term performance objectives on their own. After the completion of the performance, employees and supervisors come together and



evaluate the performance. The major aspect of the MBO concept is to analyze employee performance based on standards set by them.

The major steps involved in MBO are

- ◇ Setting up of goal
- ◇ Action planning
- ◇ Timely review

2. Behaviourally Anchored Rating Scale(BARS)

The Behaviourally anchored rating scale is a combination of the critical incident method and traditional rating scale because these statements are prepared from critical incidents and also involve the aspects of traditional rating. In this process, the behavioural statements involve qualities required to perform a particular job, personal traits, skills, job knowledge, etc.

3. 360-degree appraisal

Here '360' indicates the 360 degrees in a circle. As the name implies, this method the feedback of employee performance comes from various sources that include subordinates, peer groups, and managers in the organization and all other sources directly or indirectly related to the employee on his job. A 360-degree appraisal is also known as multisource feedback or multisource assessment or multi-rater feedback. The major components involved in this process are; employee self-appraisal, appraisal by superior, appraisal by the subordinate, and peer appraisal.

4. Assessment Centre's

In this method, the performance of an employee is assessed and evaluated by many experts using different techniques like case studies, role-playing, simulation analysis, etc. This method helps the management in decision-making regarding employee promotion, training, etc.

4.1.7 Problems of performance appraisal

We have learned that performance appraisal helps to measure employee performance but you should understand that the appraisal process is conducted by human beings so mistakes and problems are possible in the appraisal.

1. Halo effect

Here the overall impression of the employee is analyzed based on one trait which means one aspect or character of the employee affects his overall performance in the appraisal process. Here the appraiser provides a rating to the employee based on one trait, that leads to mistakes in the appraisal and also affects the employee's promotion and other benefits.

2. Bias effect

In the bias effect, individual factors like age, gender, relation with supervisors or subordinates, etc. affect the appraisal outcomes. The interpersonal relations like likes and dislikes between superiors and subordinates etc. also affect the performance appraisal process.

3. Spill-over effect

Here the past performance appraisal rating of the employee will affect his current rating. In the spillover effect, the employee performance may not be properly evaluated by the appraiser due to the influence of the old rating, even if the level of current performance varies.

4. Recency of events

It discusses the tendency of the evaluator to give more importance to the recent activities and performance of employees than their past behaviour. Sometimes this leads to conflicts, criticisms, etc.

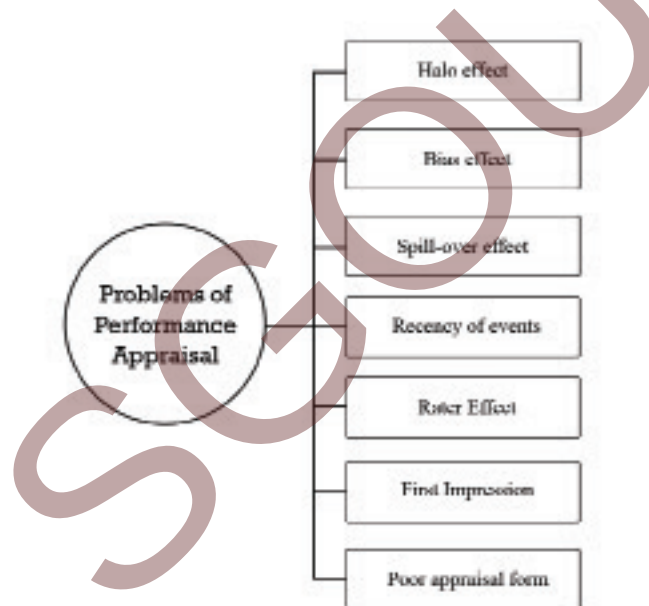


Figure 4.1.5 Problems of Performance Appraisal

5. Rater effect

Sometimes the rater's attitude towards employees affects the performance appraisal process. Employees are rated as good or bad or high or low based on this attitude of the evaluator. This attitude involves stereotyping hostility, favouritism, etc.

6. First impression

We have heard that 'the first impression is the best impression'. Sometimes

an impression of the evaluator on the employee at the first a meeting influences the performance rating. This affects the proper rating process.

7. Poor appraisal form

Certain factors related to appraisal form, such as irrelevant performance dimensions, long and vague contents, unclear rating scale, etc. may influence the success of the performance appraisal process

4.1.8 Career Planning

Have you ever felt that it would be good to have professional assistance to develop your career?

Career planning is a solution for that. Career planning is a very important task performed by the organization. It assists employees to identify and analyze needs, capabilities, aspirations, and opportunities for employees' careers and help to develop their careers through implementing human resource programmes. Career planning is not a single event, but it is a continuous process of developing the career attributes of individuals. It not only concentrates on career opportunities but also focuses on the psychological success of human beings.

Career planning is considered a very systematic, continuous, and comprehensive process of developing and implementing career strategies for employees. Here career planning connects the individual potential with organizational requirements.

It includes both individual responsibilities and organizational responsibilities, that is the individual or employee must identify his aspirations, capabilities, and need for training through assessment and the organization is responsible for giving support and training for career development.

4.1.9 Features of Career Planning

Major features or characteristics of career planning are;

1. Career planning is an integral and unavoidable part of human resource management.
2. Career planning is a systematic and comprehensive process for developing career strategies.
3. Employee career planning is affiliated with the organization
4. It is a continuous and long-term process, where the individual goals are matched with organizational goals.
5. The organization strives to create a better environment for employees to properly plan their careers.

4.1.10 Objectives of Career Planning

Every employee wants to grow continuously to new heights in his or her workplace. If the organization gives enough opportunities, he will be able to pursue his career goals and make full use of his talents. The employee feels very motivated when the organization shows a clear path of how to fulfil his aspirations while trying to achieve organizational goals. This is what career planning aims for. The major objectives of career planning include;

1. To provide future directions in terms of career paths and career goals to employees.
2. To analyze training requirements of employees and reduce employee turnover.
3. To ensure the full potential of human resources in the organization
4. To evaluate the future human resource needs of the firm promptly.
5. To provide motivation and morale to employees

4.1.11 Major elements in Career Planning

Career planning includes some elements that help to create a perfect structure in the career planning process. Let us discuss that.

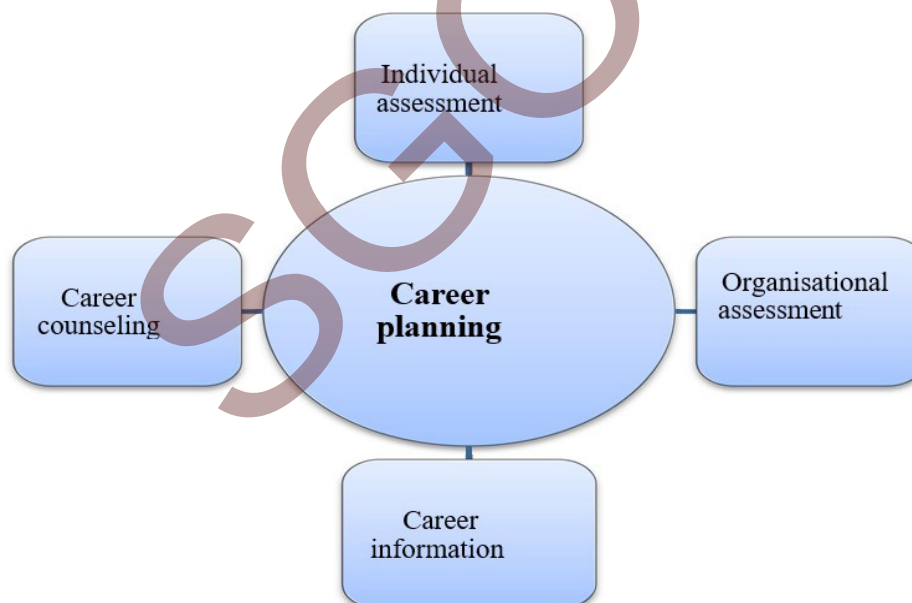


Figure 4.1.6 Elements of Career Planning

4.1.11.1 Individual assessment

Individual assessment is a self-exploration process that helps an individual analyze his/her abilities, career needs, interests, etc. Most organizations assist their employees in the self-assessment process by providing workshops and career planning programmes.

4.1.11.2 Organisational assessments

Measuring and analyzing the capabilities and potential of employees is important for both employees and the organization. The organization measures employee performance through ability tests, performance appraisal results, participation in training programmes, etc.

4.1.11.3 Career information

Career information helps the employee to identify career opportunities, possible career directions, job vacancies, etc. in the organization. So, the employee can set his career goals based on these opportunities.

4.1.11.4 Career counseling

Career counselling is a process of advising, suggesting, and guiding employees to achieve career growth and success.

In these sessions, supervisors or managers assess the abilities and potentials of the employees, as well as provide information and suggestions regarding career opportunities, development, and growth

4.1.12 Steps in Career Planning

The important steps involved in career planning are;

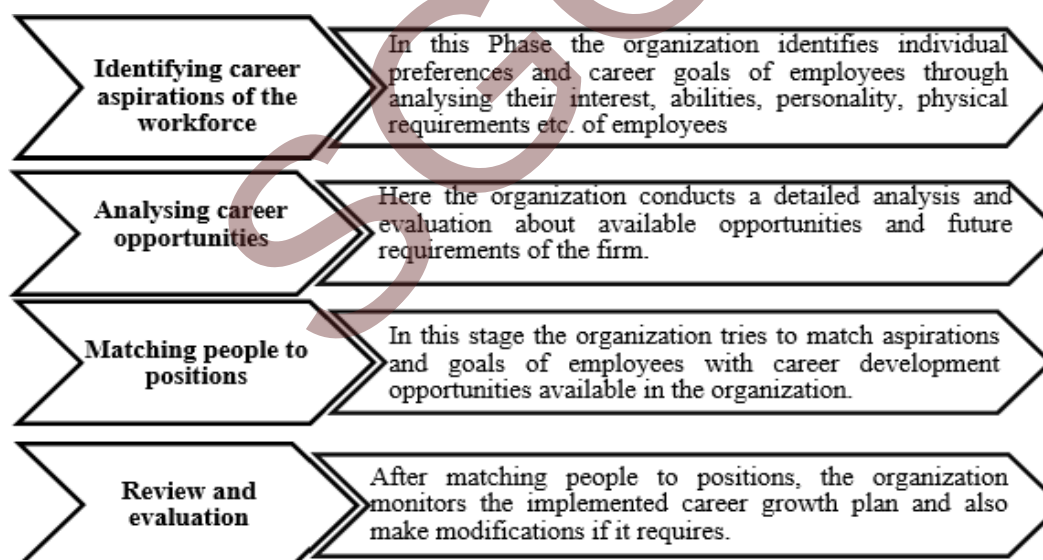


Figure 4.1.7 Career planning process

4.1.13 Methods of Career Planning and Development

There are many methods used for career planning and development. Following are the important methods used for career planning and development

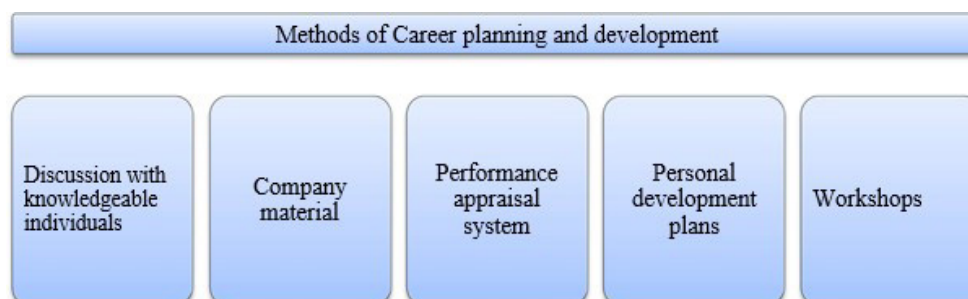


Figure 4.1.8 Methods of career planning and development

1. Discussion with knowledgeable individuals

Here the subordinates joined with their superiors to plan their career development activities.

In some cases, this service is provided by mentoring counsellors and psychiatrists. In the case of colleges, universities, and academic institutions, professors are usually responsible for guiding the students.

2. Company material

Some organizations have developed their specific material for career planning and development and these materials are based on the organizational requirements and needs. A detailed job description can be considered as good material for identifying and analyzing career opportunities within the organization. Most of the employees plan their careers based on their strengths and weaknesses.

3. Performance appraisal systems

Performance appraisal systems can also be considered as an important source for career planning and development. The appraisal system provides necessary inputs about the strengths and weaknesses of employees, so the employee can evaluate himself and he can choose alternative career pathways based on his potential.

4. Personal Development Plans (PDP)

Some organizations encourage their employees to come out with their career plans for personal development and growth. Through this plan, employees disclose their achievements, requirements of training, expectations of future performance, etc.

After analyzing those plans, the organization conducts training programmes and grooming sessions for the employees based on organizational requirements.

5. Workshops

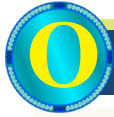
Workshops on career growth and opportunities are considered a major method for career planning and development. These are programmes or events conducted by the organizations for its employees.

In this method, the experts and experienced persons share their experiences and discuss the career opportunities that help the employees understand the opportunities available for career growth within the organization.



Recap

- ◇ Performance appraisal is the systematic and periodic evaluation of employee performance.
- ◇ The major objective of performance appraisal is to measure employee performance in an organization.
- ◇ Traditional methods of performance appraisal: These include ranking method confidential report, paired comparison, grading method, checklist, forced distribution method, critical incidents method, graphic scale method, field review method, and essay method.
- ◇ Modern methods of performance appraisal: Management by objectives (MBO), behaviourally anchored rating scale, 360-degree appraisal, and assessment Centre's
- ◇ Major problems of performance appraisal: Halo effect, bias effect, Spillover effect, Recency of events, rater effect, first impression, and poor appraisal form.
- ◇ Career planning: It is the systematic, continuous and comprehensive process of developing and implementing career strategies of employees.
- ◇ Major features of career planning; integral and unavoidable part, systematic and comprehensive process, affiliated with the organization, long-term process, etc.
- ◇ Major methods of career planning and development: Discussion with knowledgeable individuals, Company material, Performance appraisal systems, Personal Development Plans, Workshops, and Career counselling



Objective Questions

1. What is performance appraisal?
2. What is another name for the 360-degree appraisal method?
3. What is MBO?
4. The Behaviourally Anchored Rating Scale (BARS) is a combination of which two methods?
5. What is the critical incident method?
6. What is career planning?
7. What are the major steps in career planning?
8. Give an example of a company material.



Answers

1. Performance appraisal is the systematic and periodic evaluation of employee performance.
2. Multisource feedback or multisource assessment or multi-rater feedback
3. Management by Objectives
4. Critical incidents method and traditional rating scale
5. Evaluating employee performance based on critical situations.
6. It is the systematic, continuous and comprehensive process of developing and implementing career strategies for employees.
7. The major steps in career planning are:
 - a. Identifying career aspirations of the workforce,
 - b. analyzing career opportunities,
 - c. matching people to positions,
 - d. reviewing and evaluation
8. Job description





Self-Assessment Questions

1. Describe the term performance appraisal.
2. Elaborate any four modern techniques to employees' performance appraisal.
3. Explain the factors that distort appraisals
4. Discuss the absolute standards used by the employers to appraise employees.
5. What is MBO? What advantage does it have over traditional method? Explain its weakness.
6. Define the term career.
7. What are the stages in career development?
8. What is career? Is the concept of career planning and succession planning realistic in today's dynamic environment



Assignments

1. Identify the differences between the ranking method and grading method
2. Analyze the various source of information related to employee performance in 360-degee appraisal.
3. Make and explain a career plan that helps to achieve your ambition
4. Visit a company and identify the career planning process they undergo.



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Unit - 2

Compensation



Learning Outcomes

At the conclusion of this unit, the learner will be able to:

- ◇ familiarise the concept of compensation management
- ◇ explain the features of compensation management
- ◇ get an awareness of the components of compensation management



Prerequisite

Think about the last time you or someone you know worked hard at a job. At the end of the month, what was expected most? Not just a salary, but a fair reward for the effort put in. This reward can come in many forms: a fixed wage, performance-based bonuses, incentives, or additional benefits like medical support and paid leave.

In reality, organizations do not decide pay randomly. They use well-planned systems to determine how employees should be compensated and how they can be motivated to perform better. For instance, a salesperson may earn incentives for achieving targets, while experienced employees may receive fringe benefits such as insurance or retirement benefits. Some organizations even offer profit sharing to create a sense of belonging and ownership among employees.

Understanding compensation is important because it directly affects how employees feel and perform at work. Fair and attractive compensation improves motivation, satisfaction, and retention, while poor compensation can lead to dissatisfaction and high employee turnover.

This unit will help you understand different methods of compensation, such as wage systems, incentives, profit sharing, and fringe benefits, and how they play a key role in improving both employee performance and organizational success.



Keywords

Compensation, Job Description, Job Analysis, Job Evaluation, Pay Structure, Salary Surveys, Wage System, Profit Sharing, Fringe Benefits, Commissions, Draw.



Discussion

4.2.1 Compensation- Meaning

We learned about analyzing the performance of employees. Now we will look at how the company compensates according to the performance of the employees. It is the responsibility of management to provide adequate compensation to the employees. The organization offers financial and non-financial forms of compensation to the employees such as wages, salaries, incentives, fringe benefits, leave, travel facilities, etc.

Compensation to employees varies based on job nature, size of work, employee performance, working conditions, risk related to the job, etc. Compensation is a systematic tool used by organizations for a variety of purposes like to recruit qualified employees, increase or maintain morale/satisfaction, achieve internal and external equity, reduce employee turnover and encourage company loyalty.

4.2.2 Nature or Characteristics of Compensation

Major characteristics of compensation are

- ◇ It is a systematic tool to compensate employee performance.
- ◇ Compensation is an unavoidable and inseparable part of human resource management.
- ◇ Compensation is a continuous process
- ◇ It is an important factor that helps to increase the motivation of employees.
- ◇ Compensation is paid in monetary and non-monetary form

4.2.3 Objectives of Compensation

A compensation system is created to achieve some objectives of the organizations. The major objectives of compensation are given below.

- ◇ To establish a systematic reward system
- ◇ To attract qualified human resources based on organization requirements.



- ◇ To control cost related to human resources in an organization.
- ◇ To motivate employees and improve performance output
- ◇ To analyze employee performance and position of employees in monetary terms
- ◇ To reduce employee turnover and absenteeism
- ◇ To retain existing employees by providing competitive packages.
- ◇ To maintain a good relationship between employees and organization through providing bonus, fringe benefits, etc. to employees

4.2.4 Components of the Compensation Management System

Employees will receive reasonable compensation based on established components. Various compensation methods were developed based on these components

to determine employee compensation. The major components of the compensation system involve



Figure 4.2.1 Components of compensation system

- ◇ Job description:

The job description is considered as the critical component of the compensation system because it describes the job requirements, responsibilities duties, conditions, etc. These help the management to develop a perfect compensation management system in the organization.

- ◇ Job specification:

Another important component of the compensation system is job specification. It describes employee qualifications, skills, education, etc. needed for a particular job.

- ◇ Job evaluation:

Job evaluation is a system that analyses employee performance to determine the appropriate level of compensation for specific jobs. The major techniques included in job evaluation are; ranking, classification, factor comparison, and point method.

- ◇ Pay structure:

Pay structure helps to standardize the compensation method in the organization. It includes different grades like minimum wage or minimum salary, step increment grade system, etc.

◇ Salary surveys

Salary surveys are surveys and analyses conducted by organizations or survey vendors. It includes the information related to average salaries, living costs, factors affecting salary, inflation indicators, etc. It helps the organization to analyze the compensation pattern of their company and they can compare it with the industrial settings.

4.2.5 Methods of Compensation Management

Compensation management involves several methods that help the organizations to set their own compensation structure.

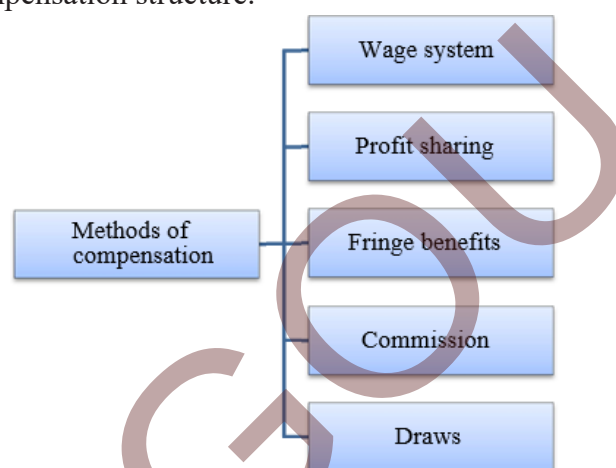


Figure 4.2.2 Methods of compensation

4.2.5.1 Wage System

Are wages and salaries the same? Most of the time we use these terms interchangeably. But these terms are extremely different. Wages means the earnings of employees whose pay is calculated on an hourly basis and salary means the earnings of employees whose pay is calculated weekly, semi-monthly or monthly.

A wage system is considered as a group of activities and processes related to the planning, implementation, and maintenance of an employee remuneration system. Here the organization gives importance to employee relations and motivation. A good wage system gives importance to productivity which means compensations are given to the employees based on their performance.

The major factors that affect the wage system include the labour market environment, wage rates, cost of living, ability to pay, etc. The important methods of the wage payment system include;

(a) Time rate system or time wagesystem:



Here wages are calculated based on time worked by the employees irrespective of their output

(b) Piece rate system or Piece wage system:

In this method, the wages are calculated based on output or result of work.

(c) Incentive wage system or incentive wage plan:

Here employees get this incentive based on their output or work. The incentive is an additional compensation provided to the employees based on work. Here the employees have a basic salary additional compensation based on their work.

In this wage system, the organization considers the productivity of the work. A wage incentive system can be considered as additional motivation to the employees through providing rewards for their efforts. An incentive wage plan helps the organization to motivate employees, better utilization of manpower, minimize additional capital investments, etc.

4.2.5.2 Profit Sharing

Profit sharing is an arrangement in which the employee receives a share of the organizational profit. The percentage of profit given to the employees is fixed in advance. By implementing this method, employees become aware of the importance that the organization gives to them and strive to achieve the goals of the organization.

Here, at the end of a financial year, the organization determines its profits and distributes a percentage of the profit to the employees who are eligible to participate in the income. To enable workers to participate in dividend or profit sharing, they need to work a certain number of years and achieve seniority over others.

The theory behind this method is that the organization should feel that their employees will fulfill their responsibilities more carefully if they realize that their efforts can lead to higher profits, which will be repaid to the employees through profit sharing.

4.2.5.3 Fringe Benefits

Fringe benefits are non-cash or non-monetary benefits provided to employees. Fringe benefits are also known as employee benefits or non-wage payments or service programmes. It includes

- ◇ Housing benefits
- ◇ Medical aid
- ◇ Vacations
- ◇ Tickets to events and entertainments or sport events
- ◇ Free or discounted airline flights etc.

4.2.5.4 Incentive Wage

Incentive wage refers to a system of remuneration in which employees receive additional payment over and above their regular wages based on their performance, productivity, or achievement of specific targets. It is designed to motivate employees to improve efficiency, increase output, and contribute more effectively to organizational goals.

Unlike fixed wages, which are paid regardless of performance, incentive wages are performance-linked and vary depending on the employee's level of achievement. This makes them a powerful tool for enhancing motivation and encouraging a results-oriented work culture.

Example: A factory worker earns a fixed daily wage. In addition, if the worker produces more than 100 units per day, they receive ₹10 for each extra unit produced. This extra payment is called an incentive wage.

Features of Incentive Wage

- ◇ Linked directly to individual or group performance
- ◇ Paid in addition to basic wages or salary
- ◇ Can be monetary (bonus, commission) or sometimes non-monetary
- ◇ Aims to improve productivity and efficiency
- ◇ Encourages goal-oriented behaviour

4.2.5.5 Commissions

Commissions are considered as another method of compensation and it varies from organization to organization. The commission is calculated based on the commission rate or a certain percentage. This is also based on the task completion of the employee.

4.2.5.6 Draws

A draw is considered as an advance against the future anticipated commission and this method is useful for sales employees who work only for commission.

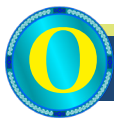


Recap

- ◇ Compensation: It is a systematic approach to providing monetary value to employees in exchange for work performed
- ◇ Characteristics of compensation:



- a. systematic tool
- b. unavoidable and inseparable part of human resource management
- c. it is a motivating factor and a continuous process
- ◇ Objectives of Compensation are:
 - 1. To establish a systematic reward system
 - 2. To attract qualified human resources based on organization requirements.
 - 3. To control cost related to human resources in an organization.
 - 4. To motivate employees and improve performance output
- ◇ Components of compensation management are:
 - a. job description,
 - b. job analysis
 - c. job evaluation
 - d. pay structure
 - e. salary surveys
- ◇ Methods of compensation management: wage system, profit sharing, fringe benefits, commission, draw.
- ◇ Wage: It is the earnings of employees whose pay is calculated on an hourly basis
- ◇ Salary: It is the earnings of employees whose pay is calculated weekly, semi-monthly or monthly.
- ◇ Methods of wage payment system includes :
 - ◇ a. Time rate system
 - ◇ b. Piece-rate system
 - ◇ c. Incentive wage plan



Objective Questions

1. What is compensation?
2. What is profit sharing?

3. What is fringe benefit?
4. What are the three methods of the wage system?
5. On what basis is compensation calculated in the time rate system?
6. On what basis is compensation calculated in the piece rate system?
7. What is another name for the piece rate system?
8. What is an incentive?
9. What are fringe benefits also known as?



Answers

1. Compensation is a systematic approach to providing monetary value to employees in exchange for work performed.
2. Profit sharing is an arrangement in which the employee receives a share of the organizational profit.
3. Fringe benefits are non-cash or non-monetary benefits provided to employees.
4. Time rate system, piece rate system, incentive wage plan
5. Time Worked
6. Output or result of work
7. Piece wage system
8. The incentive is an additional compensation provided to the employees based on work.
9. Employee benefits or non-wage payments or service programmes.



Self-Assessment Questions

1. What is compensation?
2. What are the different types of compensation?



3. What is a compensation plan?
4. What are the factors deciding compensation of an employee? Explain in detail.



Assignments

1. List the difference between time rate system, piece rate system, and incentive wageplan.
2. Visit a company and describe their compensation methods.



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BLOCK - 05

Grievance Redressal and Development Initiative

Unit - 1

Grievance Redressal



Learning Outcomes

At the conclusion of this unit, the learner will be able to:

- ◇ get an awareness of the concept of grievance
- ◇ describe the causes of industrial grievance
- ◇ explain the methods of understanding the employee grievances
- ◇ familiarise with the procedure of grievance redressal



Prerequisite

Anita had recently joined a well-known company as a junior executive. In the beginning, everything seemed perfect. But after a few months, she started feeling uncomfortable. Her workload kept increasing, her manager often ignored her concerns, and once, her salary credit was delayed without any explanation.

Anita felt frustrated, but she wasn't sure what to do. Should she complain? Would it create more problems? One day, she spoke to a senior colleague who told her, "Don't worry, the company has a proper grievance system. You can raise your concern officially."

Anita decided to follow the process. She submitted her complaint through the company's grievance redressal procedure. Within a few days, HR contacted her, listened to her issues, and took corrective action. Her salary issue was resolved, and her workload was fairly redistributed.

Through this experience, Anita realized that organizations are not just about work; they are also about managing people's concerns, maintaining discipline, and creating a fair environment.

This unit will help you understand how organizations handle employee grievances, the procedures involved, different approaches to resolving issues, and the importance of discipline in maintaining a positive workplace.



Keywords

Grievance, discipline, punishment, oral warning, written warning, suspension, fines, loss of privilege, demotion, discharge, dismissal, withholding of increments



Discussion

5.1.1 Grievance

Imagine that, Velbern Pvt. Ltd is a well-known manufacturing company, having numerous products and a large number of branches. In Velbern Pvt. Ltd, employees of different branches are paid differently which leads to some dissatisfaction related to wages, bonuses, etc. among employees. So, the employees have decided to file a complaint to the higher authority in the organisation. After filing the complaint, a discussion was held with the higher authorities and finally, they found a solution. In this case, the dissatisfaction felt by employees is known as grievance.

The grievance is the feeling of dissatisfaction among the employees. An employee communicates his/ her dissatisfaction orally to another is known as a complaint. When this job-related dissatisfaction is brought to the attention of management, it is called grievance. Grievance affects the productivity, morale, efficiency, etc. of the employee.

According to Flippo grievance is “a type of discontent which must always be expressed. A grievance is usually more formal than a complaint. It can be valid or ridiculous and must grow out of something connected with company operations and policy. It must involve an interpretation or application of the provisions of the labour contract”.

Major characteristics of grievance include;

- ◇ It is dissatisfaction or discomfort related to the job.
- ◇ The grievance can be considered as the non-fulfilment of employee expectations from the organisation.
- ◇ A grievance occurs when the employee feels an injustice related to his or her job.



- ◇ The grievance can be made orally or in writing.
- ◇ It leads to unhappiness, poor morale, frustration, low productivity, absenteeism, etc. among employees.

5.1.2 Cause of Industrial Grievance

We discussed the grievance at Velbern Pvt. Ltd. What was the main reason for that?

The discrimination in payment is a cause related to financial or economic reasons. But grievance can occur for many other reasons. Let's see what they are;

- ◇ **Economic:** Financial-related matters such as wage fixation, overtime, bonus and wage revision cause dissatisfaction among employees.
- ◇ **Supervision:** Issues in supervision include the attitude of the supervisor towards employees, favouritism, bias, nepotism, etc can causes grievances.
- ◇ **Work environment:** Here, the employee's feels dissatisfaction about the working conditions provided by the organisation. Which includes issues related to the workplace, defective tools and equipment, unfair rules, etc.
- ◇ **Workgroup:** In this case, the employee feels dissatisfied with the workgroup as he/she feels humiliation, victimisation, etc.
- ◇ **Other reasons:** Other causes of grievance include lack of safety and security on the job, disciplinary rules, medical facilities, etc.

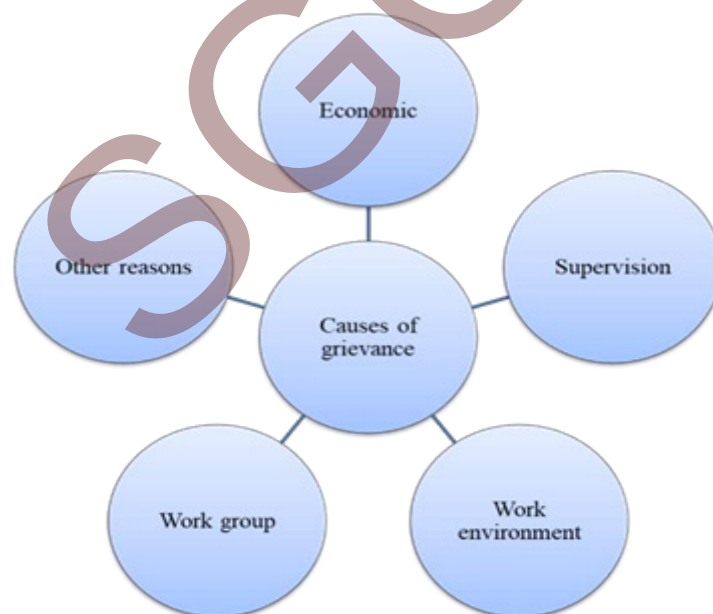


Figure 5.1.1: Cause of grievance

5.1.3 Method of Understanding Employee Grievance

Employees at Velbern Pvt. Ltd has opened up about their grievance. However, in some cases, the grievance of the employees is not reported and it affects the performance of the employees and the organisations. To avoid such situations, sometimes the organisations measure the grievance through certain methods. Major methods for understanding employee grievances are given below.

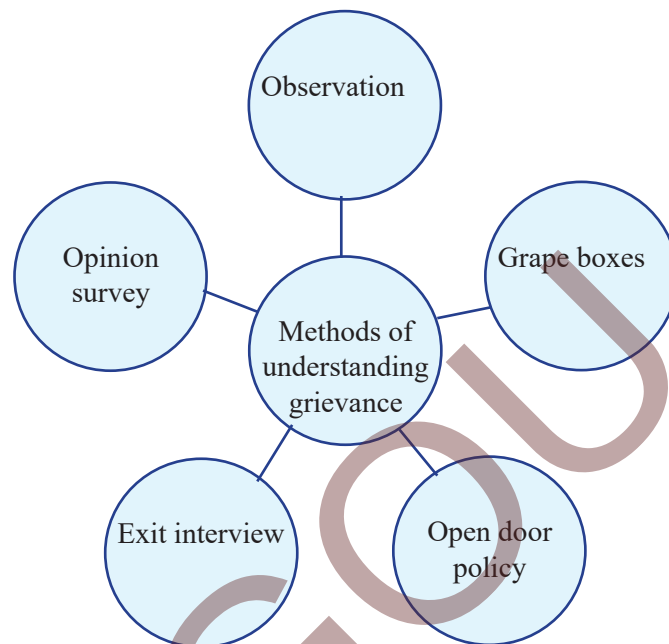


Figure 5.1.2 Method of Understanding Grievance

5.1.3.1 Observation

Steevan is an employee of Velbern Pvt. Ltd. He has a very good track record in his performance. But for a while, Steevan didn't pay attention to his work. Steevan began to mishandle the machine tools, exhibit an indifferent attitude, and become continuously absent. No one else understood this change except his supervisor. The supervisor observes Steevan more carefully. Through this, the supervisor realised that Steevan had some problems with the company. A discussion took place between Steevan and the supervisor. The supervisor found that the behavioural change of Steevan was due to the rejection of his deserved promotion. The supervisor solved this problem and Steevan started performing well again.

Did you know that observation is a very powerful tool? In the above situation, we can see that the supervisor used the method of observation effectively.

This method is used when the employee does not directly show his grievance to the superior. So, the superior constantly tracks the employee's attitude changes, difficulties in getting along with people, mishandles or damages tools due to carelessness, track

absenteeism, etc. and the supervisors take immediate actions and remedy to avoid grievance of the employee.

5.1.3.2 Gripe Boxes

In some cases, employees are reluctant to open up about their grievances. This is because of the thought that if an employee complains openly, he will face future problems in the company. A Gripe box is a system that helps employees to report their grievances anonymously. Through this, the employee can reveal his/her feelings of injustice or discontent without disclosing his/her identity.

5.1.3.3 Open door policy

This is like an interview or meeting with the supervisor or superior or manager. Here, the employee gets a chance to express his grievance and complaints through simple interaction with the supervisor or superior or manager. It helps the supervisors or superiors or managers to identify, cross-check and resolve the employee grievance.

5.1.3.4 Exit interview

Some companies conduct interviews with employees who have decided to quit. This is known as exit interviews. This is useful for the organisation because it helps them to understand the problems that are being faced by the employees. These exit interviews will reveal a lot about the negatives and problems of the firm which are invisible to the management.

5.1.3.5 Opinion survey

In some situations, organisations may conduct surveys to find out how employees feel about their company, job, colleagues, etc. These kinds of surveys are known as opinion surveys. It helps the organisation to study the problems in the internal environment, employee issues, behaviour of the human resources, etc.

5.1.4 Procedure of grievance redressal

Solving grievances is a systematic process. Wherein, the management has a set of procedures for redressing the grievance. It enables the management to identify the issues in the work environment and is helpful to take corrective actions. We can learn the grievance handling procedure in the context of Velbern Pvt. Ltd.

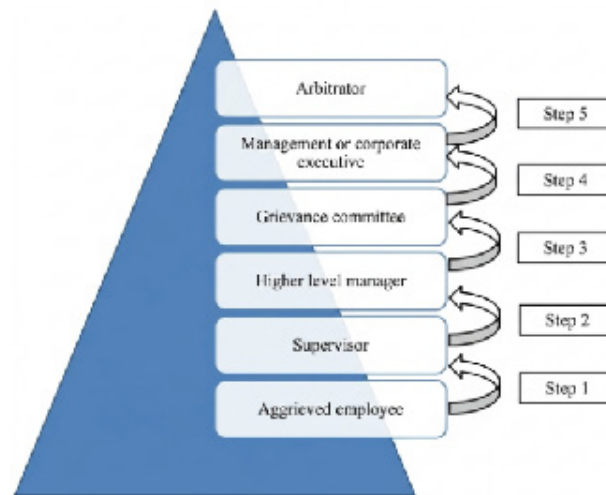


Figure 5.1.3: Grievance procedure

Step 1

The aggrieved employees of Velbern Pvt. Ltd approached their immediate supervisor and discussed their grievance related to the discrimination in payment. The grievance of the employee or employees can be resolved through a properly trained supervisor, and the supervisor uses some basic problem-solving methods for redressing the grievance. But in the case of Velbern Pvt. Ltd, the grievance required the intervention of top authorities to resolve it.

Step 2

If the supervisor is not able to settle the grievance, then the second step begins, that is the grievance of the employees is sent to a higher-level manager like a business manager or a superintendent or industrial relations officer, etc. The higher-level manager analyses the case and gives his decision on the matter. We have seen that the difference in payment was the major issue in Velbern Pvt. Ltd. So, solving this type of issue needs a top-level decision. In the second step too, the management could not find a solution to resolve the issue.

Step 3

The third step begins when the supervisor and higher manager cannot settle the grievance. Here, the grievance of employees is to be submitted to the grievance committee of Velbern Pvt. Ltd. The grievance committee includes some employees, union representatives, management representatives, etc. They study the grievance scenario and suggest possible solutions. But, the employees of Velbern Pvt. Ltd may or may not accept these suggestions.

Step 4

If the aggrieved employees are not satisfied with the solution provided by the grievance committee, then they have the option to approach the management or corporate executive. The Velbern Pvt. Ltd could not resolve the issue at this stage either so, they moved on to the final step.

Step 5

In this final step, the employees, as well as management, selected an acceptable arbitrator to resolve the grievance. Both parties agreed that the arbitrator's order on the issue is final and binding on both parties.

5.1. 5 Approaches in Grievance Redressal

Grievance redressal is a critical function of human resource management that ensures employees' complaints, concerns, and dissatisfaction are addressed in a fair, timely, and systematic manner. An effective grievance redressal mechanism not only resolves conflicts but also strengthens employee trust, promotes harmonious industrial relations, and enhances organizational effectiveness. Organizations adopt different approaches to grievance redressal depending on their culture, management philosophy, and the nature of employee relations.

1. Open Door Approach

The open-door approach allows employees to directly approach higher-level management with their grievances without following a formal hierarchical process. It promotes transparency and quick resolution of issues. This approach is commonly seen in small organizations or organizations with a participative culture.

For example, A junior accountant feels her workload is unfair. Instead of going through her supervisor, she directly meets the HR Head and explains her concern. The HR Head immediately reviews and redistributes tasks.

2. Step-Ladder (Hierarchical) Approach

This is the most widely used formal method, where grievances are addressed through a structured hierarchy. The employee first reports the issue to the immediate supervisor, and if unresolved, it is escalated to higher levels of management. This approach ensures procedural discipline and respects organizational authority, but it may sometimes delay resolution due to multiple levels.

For example, A factory worker who faces an issue with unsafe machinery first reports the problem to the supervisor; if no action is taken, the worker escalates the grievance to the production manager, and if it still remains unresolved, it is further taken up with the plant head.

3. Grievance Redressal Committee Approach

In this approach, a committee comprising representatives of management and employees (or trade unions) examines grievances. It ensures impartiality and collective decision-making, making it suitable for organizations with strong union presence.

For Example:

Employees complain about biased shift allocation. A committee with HR, management, and union members reviews records and ensures fair rotation.

4. Ombudsman Approach

An ombudsman is an independent and neutral third party appointed to investigate and resolve grievances confidentially. This approach is widely used in large organizations and public sector institutions. It ensures objectivity and confidentiality, encouraging employees to voice concerns without fear of retaliation.

For example, an employee faces workplace harassment but fears reporting internally. She approaches an independent ombudsman, who investigates confidentially and recommends action.

5. Collective Bargaining Approach

In unionized organizations, grievances are often addressed through collective bargaining between management and employee representatives. This approach emphasizes negotiation and mutual agreement, helping maintain industrial peace. However, it may become complex if conflicts escalate.

For example, Workers demand overtime pay revision. The union negotiates with management, and both parties agree on revised rates after discussion.

6. HRM Counselling and Mediation Approach

This informal approach involves HR managers or trained counsellors who mediate between the concerned parties. It focuses on understanding the root cause of grievances, improving communication, and resolving issues amicably. It is particularly effective for interpersonal conflicts and behavioral issues.

For example, if two team members have a conflict affecting performance. HR arranges a mediation session, helps them communicate, and resolves misunderstandings.

To sum up, we could say that an effective grievance redressal system often integrates multiple approaches to ensure fairness, efficiency, and employee satisfaction. Organizations must design mechanisms that are transparent, accessible, and responsive to employee needs. A well-functioning grievance redressal system not only resolves disputes but also contributes to building a positive organizational climate and sustaining long-term employee relations.



5.1.6 Employee Discipline

We may have heard the word ‘discipline’ many times in our school life. Wearing school uniform regularly or arriving at school on time etc. is considered as a part of discipline. Not only schools but also organisations follow disciplines and rules. Let's see the discipline in the organisational context.

Discipline is an external force that enables an employee of an organisation to comply with the organisational rules and regulations. Discipline helps to maintain the smooth functioning of an organisation. A firm can't perform without discipline. It helps an employee to identify the organisational rules and regulations in order to perform well.

Let's discuss the major objectives of discipline

- ◇ To set standard rules and procedures in the organisational activities.
- ◇ To ensure the element of certainty in the organisation.
- ◇ To maintain the smooth functioning of the organisation through providing rules and regulations.
- ◇ To establish a standard working condition for the employees.
- ◇ To provide uniformity in the organisational operations

5.1.6.1 Essentials of a good discipline system

In our schools, the discipline system involves a set of rules, procedures, discipline handling processes, etc. Likewise, organisations also include certain elements in their discipline system. These elements are given below.

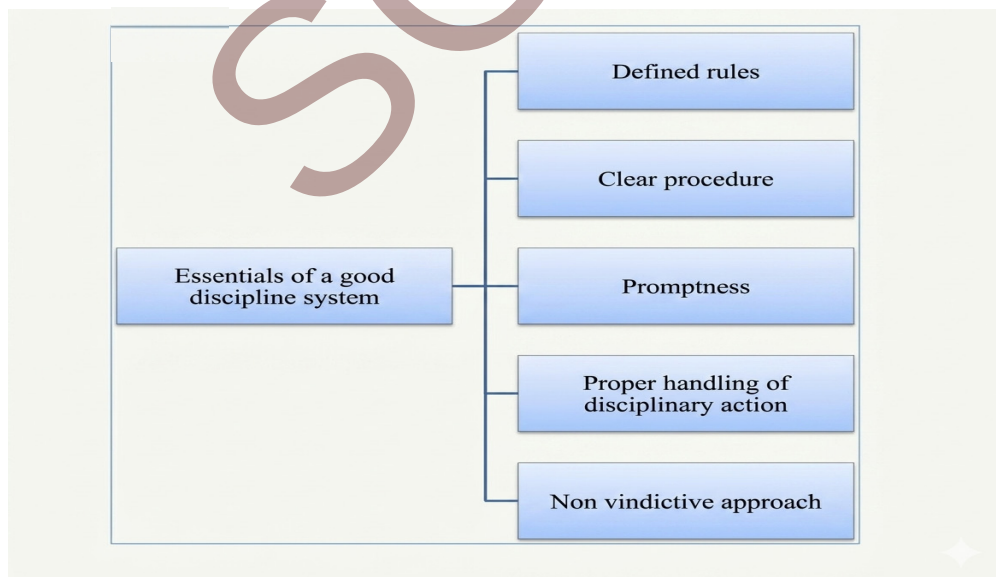


Figure: 5.1.4: Essentials of a good discipline system

◇ **Defined rules**

All employees should be well-versed in organisational rules and regulations. It helps them to understand and comply with the organisational instructions and also they can identify their roles and responsibilities. The supervisor is the responsible person to make the employees clear about the organisational discipline.

◇ **Clear procedure**

You know that each organisation has its disciplinary system. Organisations' rules, regulations and procedures of the disciplinary system should be laid down and provided to the employees at the time of joining the organisation.

◇ **Promptness**

Violation of rules or misconduct should be identified and corrected without any delay. Further delay in this process leads to confusion and problems among employees.

◇ **Proper handling of disciplinary action**

A good discipline system should handle disciplinary action in a constructive manner and the action should be taken in private.

◇ **Non-vindictive approach**

It means violation or misconduct must be properly investigated and punishments must follow the violation. It should also be remembered that the employee should be allowed to explain his/her actions.

Disciplinary action

Disciplinary action is the process that helps to avoid the indiscipline behaviour of employees when counselling and other methods are not effective. It includes both positive and negative motivational techniques. Positive motivational techniques include incentives, promotion, etc. and negative motivational techniques involve layoff, fines, etc.

5.1.6.2 Punishment

We have heard the term 'punishment' in our school life. In schools, teachers may give punishments like impositions, penalty assignments, etc. But in organisations, the nature of punishment is different from our schools. Let us discuss.

Punishment is a type of negative disciplinary action and it helps to reduce the indiscipline and violation of the rule in the organisation. The important types of punishment are given below.

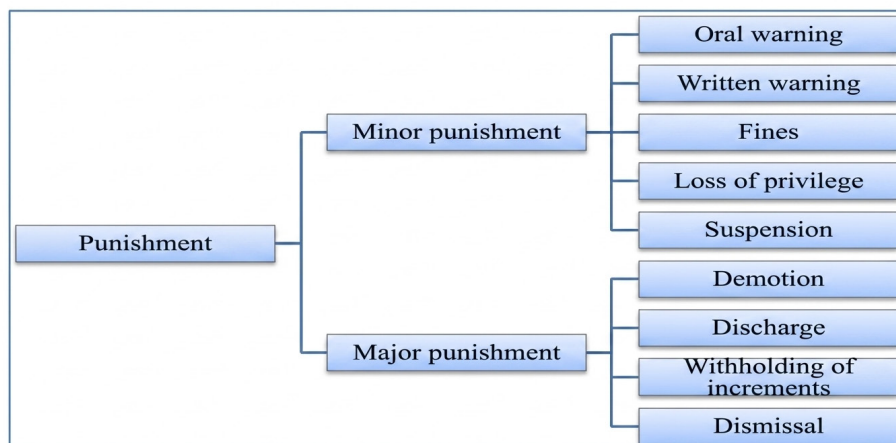


Figure 5.1.5: Types of Punishment

Minor punishments

Minor punishments include;

- ◇ *Oral warning:* In oral warning, the supervisor warns the employee verbally about his/her unacceptable behaviour on the job.
- ◇ *Written warning:* If an employee repeats the misconduct, the management warns the employee through a written memo.
- ◇ *Fines:* A fine is the reduction of an employee's remuneration as a penalty for misconduct.
- ◇ *Loss of privilege:* If an employee repeats his misconduct, then, it will lead to his privileges like promotion, selection of assignments, etc.
- ◇ *Suspension:* Here, the employee is prohibited from performing the duties and responsibilities assigned to him and his pay is withheld as long as the prohibition exists.

Major punishments

Major punishments involve;

- ◇ *Demotion:* Demotion means the reduction of an employee's position from his current job position followed by a reduction in pay.
- ◇ *Discharge:* It is the mutual process of termination of employment, where the employee is not charged with any misconduct and is discharged from the job when both parties agree to a general contract.
- ◇ *Withholding of increments:* In this punishment, the management stops or deducts the employee's increment.

- ◇ *Dismissal*: Dismissal is considered a severe punishment in the organisational scenario and it makes an employee ineligible for future employment in the organisation that is termination from employment.



Recap

- ◇ **Grievance**: It is the feeling of dissatisfaction among the employees and this dissatisfaction is brought to the attention of management
- ◇ **Causes of grievances includes**:
 - a. economic causes
 - b. supervision
 - c. work environment
 - d. workgroup
- ◇ **Methods of understanding grievance includes** :
 - a. observation
 - b. gripe boxes
 - c. open door policy
 - d. exit interview
 - e. opinion survey
- ◇ **Discipline** refers to an external force that enables an employee to comply with the organisational rules and regulations
- ◇ **Essentials of a good discipline system** includes defined rules, clear procedure, promptness, proper handling of disciplinary action, non-vindictive approach
- ◇ **Types of punishment**; minor punishments and major punishments.
- ◇ **Minor punishments** includes Oral warning, written warning, suspension, fines, loss of privilege.
- ◇ **Major punishments** includes demotion, discharge, dismissal, withholding of increments.





Objective Questions

1. What is a grievance?
2. What is discipline?
3. What is non-vindictive approach?
4. What is demotion?
5. What is suspension?
6. What is fine in punishment?
7. What is considered as the severe punishment of an organisation?



Answers

1. It is the feeling of dissatisfaction among the employees and this dissatisfaction is brought to the attention of management.
2. Discipline is an external force that enables an employee of an organisation to comply with the organisational rules and regulations.
3. It means violation or misconduct must be properly investigated and punishments must follow the violation.
4. Demotion means the reduction of an employee's position from their current job position.
5. The employee is prohibited from performing the duties and responsibilities assigned to him and his pay is withheld as long as the prohibition exists.
6. Fine is the reduction of an employee's remuneration as a penalty for misconduct.
7. Dismissal



Self-Assessment Questions

1. Explain grievance.
2. Write a short note on industrial grievances.

3. Explain different types of employee grievances.
4. Explain the procedure of grievance redressal.
5. Explain briefly the approaches in grievance redressal



Assignment

1. Analyse, why grievance redressal is important in organisations?
2. Critically analyse the various approaches in grievance redressal



Reference

1. Prasad, L.M. (2020). *Human Resource Management* – Sultan Chand and Sons.
2. Subba Rao, P. (2019). *Personnel and Human Resource Management* – Himalaya PublishingHouse.
3. Gupta, C. B. (2018). *Human Resource Management* – Sultan Chand & Sons.
4. Aswathappa, K. (2020). *Human Resource Management* – McGraw Hill Education.



Suggested Reading

1. Subba Rao, P. (2019). *Personnel and Human Resource Management* – Himalaya PublishingHouse.
2. Gupta, C. B. (2018). *Human Resource Management* – Sultan Chand & Sons.
3. Aswathappa, K. (2020). *Human Resource Management* – McGraw Hill Education.



Unit - 2

Development Initiative



Learning Outcomes

At the conclusion of this unit, the learner will be able to

- ◇ get an awareness of workers' participation in management
- ◇ describe the meaning of team building
- ◇ explain the importance of collective bargaining
- ◇ familiarise the terms absenteeism and labour turnover
- ◇ define and describe the concept, features of quality of work life



Prerequisite

Imagine a company where employees come to work, complete their tasks, and leave, with no involvement in decisions, teamwork, or connection with the organization. What would happen? Over time, employees may lose interest, conflicts may arise, absenteeism may increase, and many may even leave the organization.

Now think of another organization where employees are actively involved in decision-making, work together as strong teams, and have a voice through collective bargaining. Here, employees feel valued and heard. As a result, they are more committed, absenteeism reduces, and turnover is lower. The organization also focuses on improving the quality of work life (QWL), ensuring employees feel satisfied, safe, and motivated at work.

These situations show that managing people is not just about assigning tasks; it is about engaging them, building relationships, and creating a supportive work environment.

This unit will help you understand how workers' participation in management, team building, collective bargaining, and initiatives like improving the quality of work-life play a crucial role in reducing absenteeism and turnover, and in building a more productive and committed workforce.



Keywords

Joint Management Councils, Joint Councils, Shop Councils, Decision-Making, Employee, Team, Forming, Storming, Norming, Performing, Adjourning, Collective Bargaining, National - Level Bargaining, Industry - Level Bargaining, Corporate-Level Bargaining, Plant-Level Bargaining, Craft-Level Bargaining, , separation, authorized absenteeism, willful absenteeism. Job Redesign, Ergonomics, Empowerment, Quality Circle.



Discussion

5.2.1 Worker's Participation in Management

Have you ever noticed the suggestion box placed in schools and colleges?

This will help the students to give their suggestions to the school or college authorities. From this, good suggestions may be considered in the educational institution.

Here, we can see the active participation of students in the affairs of their school or college. Similarly, organisations allow their employees to participate in the decision-making process. We can call it as workers' participation in management.

This allows employees to understand their position in the organisation and thereby increase their involvement in the work. Workers' participation in management is considered as a part of industrial relations and it provides mental and physical satisfaction to the workforce.

According to Davis, "it is a mental and emotional involvement of a person in a group situation which encourages to contribute to group goals or objectives and share responsibilities."

Here, the employees get the right to participate in the decision-making process on issues that are related to the employees. It includes the problems or issues related to the working conditions, welfare, safety, wages, incentives, etc. It helps to maintain the employee-employer relationship in the organisation.



5.2.2 Objectives of Worker's Participation in Management

Workers' participation in management involves a large number of objectives. The major objectives of workers' participation in management are given below.

- ◇ To maintain the employee-employer relationship.
- ◇ To maintain high productivity through employee satisfaction.
- ◇ To give an understanding to the employees about their role and responsibilities in the organisation.
- ◇ To provide satisfaction to the employees through providing an opportunity to participate in decision-making.
- ◇ To avoid conflict and strengthen industrial peace and harmony.
- ◇ To create democracy in the organisations To encourage employee suggestions.

5.2.3 Forms of Worker's Participation in India

Workers' participation in management will be developed based on the industrial needs and political factors of each country. Let us see what are the forms of workers' participation management in India are.

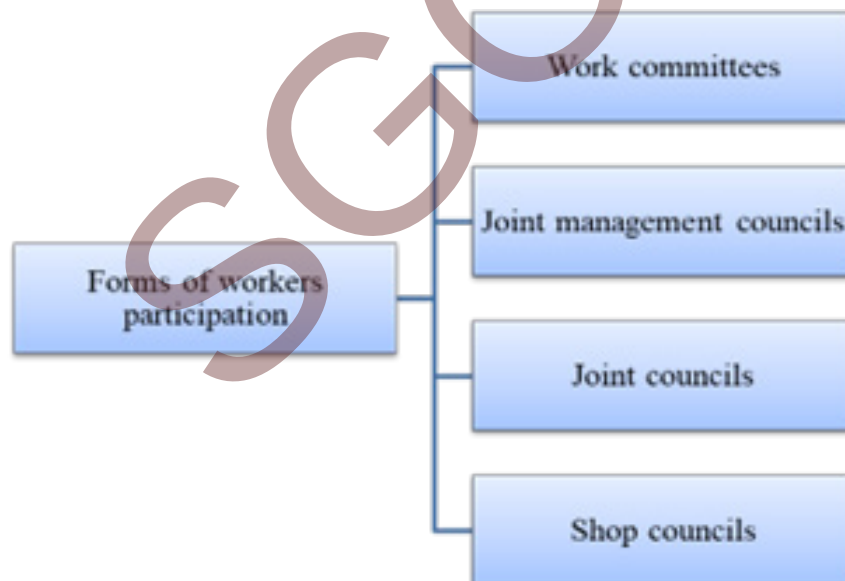


Figure. 5.2.1 Forms of workers participation in India

◇ Work Committees

Work committees are a form of workers' participation management established as per the provision of the Industrial Dispute Act 1947. The major objective of work committees is to maintain a harmonious relationship in the organisation. That means

work committees are responsible for promoting measures for securing and preserving good relations between the employer and workmen.

◇ **Joint Management Councils (JMCs)**

Joint management councils were established in 1958 based on the second five-year plan. It helps to increase employee-employer relationships, provide welfare facilities to the work, satisfy the psychological needs of workers, increase operational efficiency, etc.

◇ **Joint Councils**

The joint councils are for the entire unit, and its membership is limited to those who are involved in the organisation. The chief executive of the unit becomes chairman and the term of the joint councils is two years. This scheme was implemented by various departments of Central and State governments and in 1976, the activities of the council were expanded by the government.

◇ **Shop Councils**

It represents each department in a unit and involves an equal number of representatives from employers and workers. The employer's representative is nominated by the management and the employee representative will be from workers and the total number of members in the council may not exceed twelve.

Reasons for the limited success of workers' participation in management

We have seen that workers' participation in management is very helpful to organisations and employees to resolve their issues. But workers' participation in management has only a limited success rate which means most of the time workers' participation management systems will fail to solve the issues. The major reasons are as follows;

- ◇ The continuous conflict between employees and the organisation.
- ◇ Workers believe that they are inferior to the organisation and management.
- ◇ Workers believe that the workers' participation in the management system is a management-dominated system.
- ◇ The thought is that managers are reluctant to share responsibility.

Suggestions for the success of Workers' Participation in Management

We have seen the reasons behind the failure of Workers' Participation in Management system.

What suggestions do you give to make WPM a success?

Take a look at the suggestions given below.



- ◇ There should be mutual understanding and trust among the concerned parties.
- ◇ There should be a democratic and strong union, which is capable of representing the problems of employees without neglecting the organisational interests.
- ◇ There should be clear communication between the worker's union and the management.
- ◇ All parties in the Worker's Participative Management system should feel that they should participate at all levels of the system.
- ◇ Management and government should give training and support to all the parties involved in the WPM process to prepare them for participative management

5.2.4 Team

We heard a lot about football teams. A football team consists of eleven players and we also know that Kerala Blasters is a famous football team. Organisations also divide employees into teams, which helps to make work easier and helps to improve the whole performance.

Now, let us talk about the word “team”.

A team is a small group of people with complementary skills who come together for a predetermined purpose or task completion and their performance outcome is more than the sum of individual efforts.

According to Katzenbach, J. R., and D. K. Smith. “A small number of people with complementary skills who are committed to a common purpose, performance goals and approach for which they hold themselves mutually accountable.”

The effectiveness of a team is determined by the performance of the team members. The specific goals that teams must achieve vary from team to team in the organisation. Everyone should involve in the discussion of the overall goal-setting of the team. And it helps the individuals on the team will get a clear idea of what they want to achieve and how much effort is required to achieve that goal.

5.2.5 Characteristics of a Team

Assume that Companion Pvt. Ltd is an IT firm and they have lots of software developing programmes. Each project has a team of five members. Discussions in the team and the bond between the team members make the company's projects into success. The following are the major characteristics of a team in the Companion Pvt. Ltd.

Major characteristics of a team

- ◇ It involves a small group of people come together for a predetermined purpose.
- ◇ The team involves rules and norms for achieving better performance and maintaining discipline.
- ◇ The outcome of a team effort should be more than the sum of individual inputs
- ◇ All team members share the responsibility for the overall outcome.
- ◇ Information is shared with all members even if the information is not relevant to the individual task.

5.2.6 Objectives and Benefits of Team Building

Now, let us discuss about the objectives of a team. Each team is formed to accomplish specific objectives. However, all teams will have some common objectives. Let's see what they are

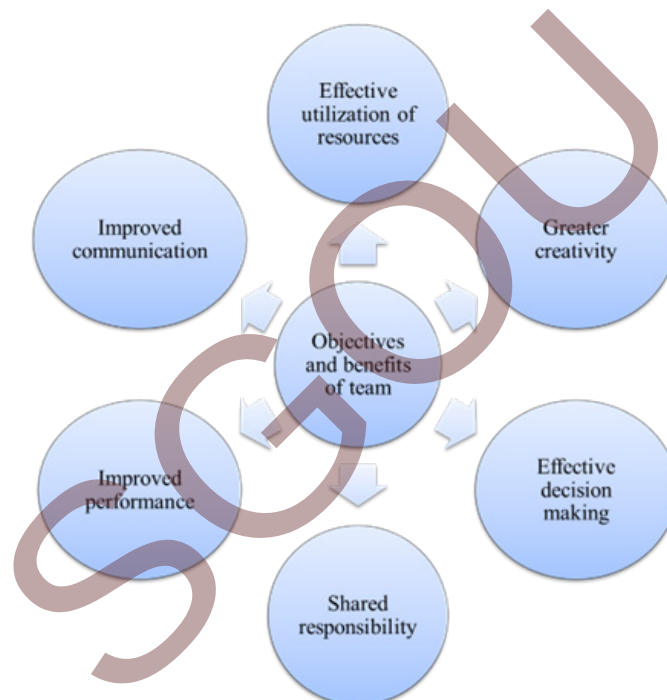


Figure 5.2.2 Objectives and benefits of team building

- ◇ *Effective utilisation of resources:* A strong team can analyse the availability of resources and use them accordingly.
- ◇ *Greater creativity:* Team building is a collective effort of a group of people so, everyone shares their views and it helps to generate innovative and creative ideas.
- ◇ *Effective decision making:* Team building tries to see a problem from different angles. And it helps to create effectiveness in the decision-making process.
- ◇ *Shared responsibility:* In the team building process, the responsibilities are shared with team members.

- ◇ Improved performance: Another objective of team building is to create high performance through the coordination of the members.
- ◇ *Improved communication*: Team building helps to improve the communication skills of the team members through discussions, sharing ideas etc.

5.2.7 Stages of Team Building

We read about Companion Pvt. Ltd. Now, they have decided to form a team for their new project. There are five stages involved in this team-building process which is;

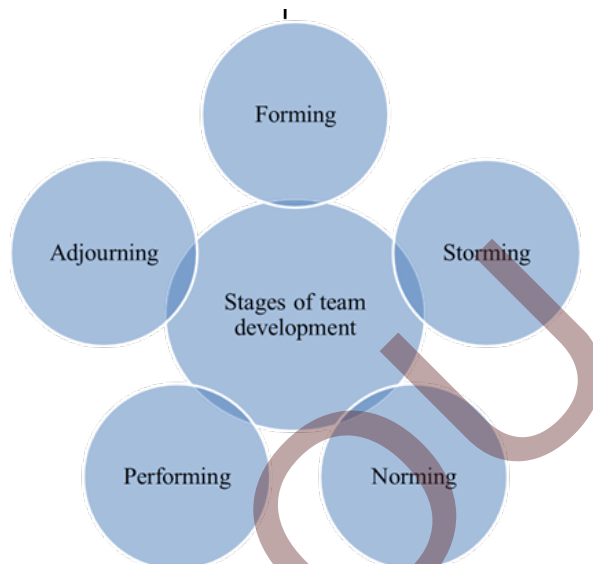


Figure. 5.2.3 Stages of team development

- **Forming**



In the formation stage, the team members of the new project focus on orientation to goals and setting procedures. Here, the members are confused about the purpose of the team, its structure and leadership. This stage is completed when the members begin to feel they are part of the team and begin to understand their responsibilities

- **Storming**



At the beginning of this stage, competitive or difficult behaviour emerges among the members of the new project team. The slow progress in software development, resistance and impatience are more at this stage. A few dominant members may come forward and this create conflict among the team members. Conflicts between members will be resolved and by the end of this stage, a hierarchy of leadership is formed within the team.

- **Norming**



At this norming stage, the members of the new project team of Companion Pvt. Ltd approaches the team with a positive viewpoint. As a result, they come to the perspective of working together. Here, a sense of belongingness is created within the team and this enables the relationship and open communication between members. At the end of this stage, most members are able to fully engage in their roles.

- **Performing**



In this stage, members come to a mutual understanding and supported each other in performing their tasks like developing software modules, sharing their ideas, etc. The high-performance level and goal achievement are the important qualities of this stage. Here, the team structure is fully functional and shows high commitment of team members.

For permanent work teams, performance is considered the last stage of team building. In Companion Pvt. Ltd, the new team is a permanent one. So, they started their next project after completing their software development task.

- **Adjourning**



If the team is a temporary one, then it will go for the next step, which is adjourning. The adjourning stage includes the termination of the team after they have completed the given task. When the deadline reaches, the work pressure and stress of the team increases and the team will be terminated after completing the task on time.

5.2.8 Collective Bargaining

Collective bargaining is the systematic process of discussion and negotiation between the employer and the employee to reach an agreement to regulate working conditions and terms of employment. Commonly, collective bargaining arises for increasing scale of pay, improving working conditions, addressing grievances etc. Trade unions play a prominent role in this respect. Collective bargaining is considered a joint decision-making process whereby employees and employers jointly decide their terms and conditions of employment. Here, the word ‘collective’ denotes the participation of both employees and employers and ‘bargaining’ shows the negotiation process for reaching an agreement between employees and the organisation.

According to Flipppo, “Collective bargaining is a process in which the representatives of a labour organisation and the representatives of the business organisation meet and attempt to negotiate a contract or agreement, which specifies the nature of the employee-employer-union relationship.”

5.2.9 Features of Collective Bargaining

The important features or characteristics of collective bargaining are as follows;

- ◇ Collective bargaining is a collective process because it includes participation from both employees and employers.

- ◇ Collective bargaining is a biparties process, that includes employers and employees or representatives of employees.
- ◇ Negotiation and discussion are the important parts of collective bargaining.
- ◇ It is a systematic process that involves several stages or steps. It starts with presenting the demands of the employees and ends with an agreement between employees and employers.
- ◇ In collective bargaining, employees and employers negotiate with each other for fulfilling their demands.

5.2.10 Need and Importance of Collective Bargaining

Collective bargaining is very important in the modern industrial scenario because it helps to avoid disputes and conflicts between the organisation and employees. The needs and importance of collective bargaining are given below;

- ◇ It helps to maintain a good relationship between employees and management at the same time protecting their interests.
- ◇ It helps to solve the issues or problems of employees in the organisation.
- ◇ Collective bargaining seeks to bring democracy to the organisation.
- ◇ Collective bargaining helps to maintain and establish rules and norms that deal with human resources in the firm.
- ◇ It helps to establish uniform conditions to avoid organisational disputes

5.2.11 Different levels of Collective Bargaining

The nature of collective bargaining varies from region to region, situation to situation, and industry to industry. It makes some difficult to study and implement collective bargaining processes in various organisations. So, collective bargaining is divided into different levels.

i. National-level bargaining

In national-level bargaining, the negotiation takes place between the organisation and the national union. At this level, both parties discuss the fundamental issues at the national level, such as wage structure, DA, or shift allowance. The outcome or agreement from the national level of collective bargaining applies to all industries and all industrial workers. But this type of bargaining is not possible in the Indian scenario because our country is large and there is a lack of homogeneity in our workforce.

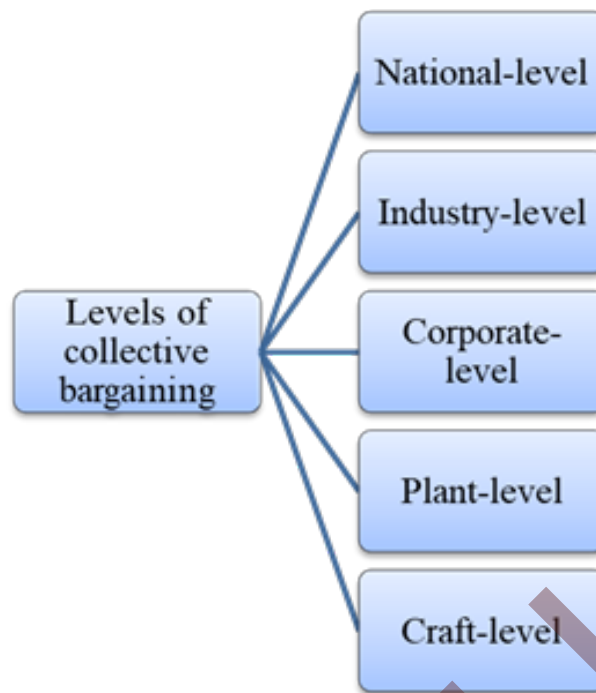


Figure 5.2.4 Levels of collective bargaining

ii. Industry-level bargaining

Collective bargaining at the industry level usually takes place between employer organisations of one industry with employee unions in that industry. Here they discuss basic wages, allowances, production capacity, bonuses etc. Industry-level bargaining helps to maintain industrial standards, uniformity etc. in human resource activities and production processes.

iii. Corporate-level bargaining

In corporate-level bargaining, the negotiation process takes place between the management of the multi-plant enterprise with various unions of all its plants. This level of collective bargaining is useful to public sector enterprises like ONGC, BHEL, etc. because these organisations have several establishments in various regions.

iv. Plant-level bargaining

Plant-level collective bargaining is common with private sector organisations. Here, the collective bargaining is taking place between the management of one plant with unions and the result of this process affects only that plant or factory. The negotiation takes place independently so it can take advantage of the difference in cost of living from region to region. The combination of industry-level and plant-level collective bargaining is common in the steel industry and jute industry.

v. Craft-level bargaining

If a firm has many craft unions, then this level of collective bargaining is applicable there. Here, the negotiation is taking place between representatives of the firm and the representatives from the craft unions. An example of craft-level bargaining is

collective bargaining in the airline industry where there is pilots' associations, cabin crew associations, ground staff associations, etc. and they have different agreements for different categories of employees.

5.2.12 Absenteeism

The presence of employees at work is very important for the smooth functioning of organisational activities. Sometimes the employees in the organisation fail to report at the workplace during the scheduled time, which is known as absenteeism.

According to J.D. Hackett, absenteeism is the “temporary cessation of work, for not less than one whole working day, on the initiative of the worker, when his presence is expected.”

Absenteeism is very common in every industry, but sometimes the absence of a supervisor or foreman leads to a dislocation of work and that affects the whole operational activities. The rate of absenteeism varies based on the nature of work, department, employee-employer relation, etc. It is generally observed that absenteeism is high among the age group below 25 and above 40, because some younger workers have a careless attitude towards their work and some aged people may not be able to do stressful work. The shift system (day shift, night shift) in the work also makes an impact on absenteeism.

5.2.13 Features of Absenteeism

The important features of absenteeism involve

- ◇ It is the absence of employees from work without prior notice
- ◇ Absenteeism is a temporary cessation of work
- ◇ It shows a lack of interest and motivation among the workers.

5.2.14 Types of Absenteeism

The major types of absenteeism include;

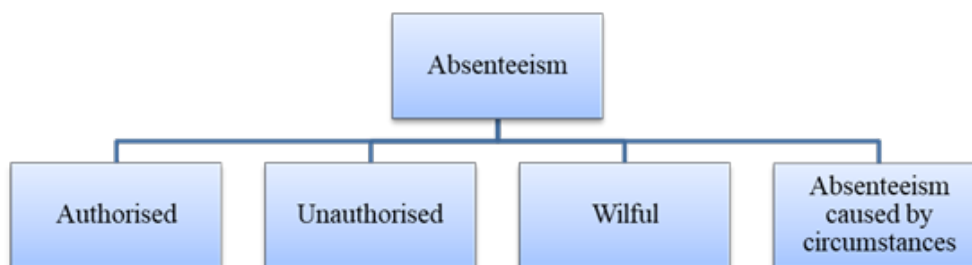


Figure 5.2.5 Types of absenteeism

- ◇ *Authorized absenteeism:* The employee takes leave or is absent from work by taking prior permission from the superior, this is known as authorized absenteeism.
- ◇ *Unauthorized absenteeism:* In this type of absenteeism, the employee is absent from his duty without obtaining permission from the superior.
- ◇ *Wilful absenteeism:* Here, the employee is absent from his assigned duty or works willfully, this type of absenteeism is known as wilful absenteeism.
- ◇ *Absenteeism caused by circumstances:* In this case, the employee's absenteeism is based on circumstances that are beyond his control. It includes absenteeism due to sickness, accidents, other emergencies, etc.

5.2.15 Cause of absenteeism

The major causes of absenteeism include

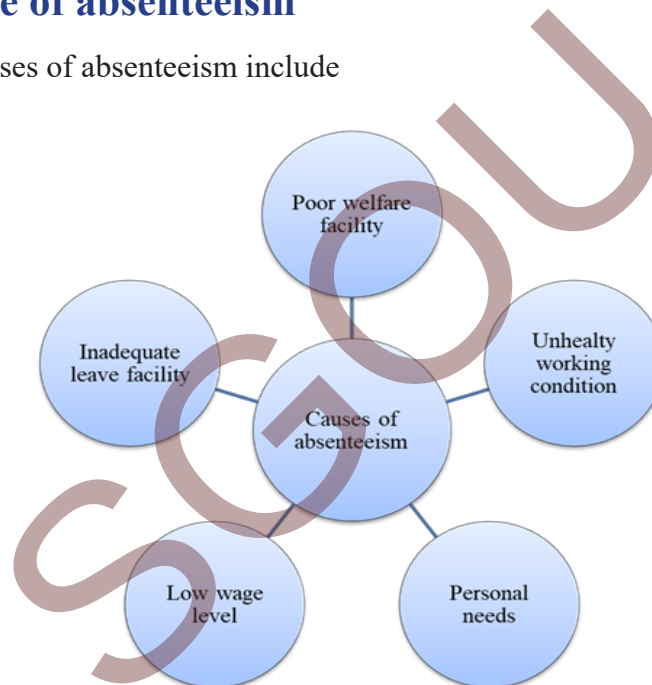


Figure 5.2.6 Major causes of absenteeism

- ◇ *Poor welfare facility:* The poor welfare facilities involve poor sanitation, first aid appliances, restroom services, canteen facilities etc. Poor welfare conditions are either due to the exploitative attitude of the management or due to the poor financial position of the organisation.
- ◇ *Unhealthy working conditions:* Unhealthy working conditions in the organisation irritate the employees. Unhealthy working conditions include a lack of safety measures, excess heat, noise, poor lighting etc.
- ◇ *Personal needs:* Personal needs like family functions, family problems etc divert the employee's attention from the work.

- ◇ *Low wage level:* The wage system of the organisations affects employees satisfaction. If the organisation has a poor wage and salary system then it leads to the absenteeism of employees.
- ◇ *Inadequate leave facility:* If the leave facilities provided to the employees by the organisation are inadequate, then it will lead to absenteeism.

5.2.16 Labour turnover

We know that we choose a course or learning programme based on its opportunities in the future and also based on our satisfaction level. Likewise, employees of one organisation who are not satisfied with their careers may seek suitable opportunities in other organisations or other industries. Similarly, organisations also prefer external candidates to increase their talent pool in the personnel department. This shifting of employees into and out of an organisation is called labour turnover. Labour turnover is also known as external mobility or external career.

5.2.17 Cause of labour turnover

The major causes of labour turnover include;

- ◇ Personal causes such as family problems, retirement, death, accidents, etc.
- ◇ Availability of better opportunities at some other firms.
- ◇ Low motivation and job satisfaction of employees in the organisation.
- ◇ Lack of better working conditions and wage systems also leads to labour turnover.
- ◇ Lack of promotion opportunities.

5.2.18 Types of Labour Turnover

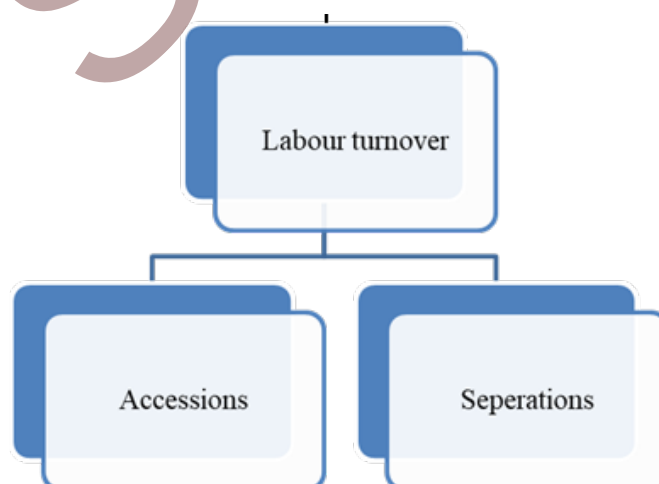


Figure 5.2.7 Types of Labour Turnover

Labour turnover can be classified into two.

- ◇ *Accession*: Accession means the addition of new candidates to the organisation through the employment of new candidates, re-employment, etc
- ◇ *Separation*: It means termination of employees from the organisation and it includes resignation, retirement, death, etc.

5.2.18.1 Quality of Work Life

TATA Consultancy Service is the largest IT company in India. They consider their employees precious and take care of all the needs of employees like providing flexible work time, competitive compensation, recognition, holiday homes, best in industry group health insurance, etc. Here, we can understand how an organisation provides value for the quality of an employee's work life.

Quality of work life is an important part of human resource management. It deals with the methods and techniques by which an organisation can ensure the overall well-being of employees. Quality of work life or QWL is an effort to integrate the employee's needs through a scientific approach aimed at greater workers' participation, high productivity and job satisfaction.

According to the American Society of Training and Development, "Quality of Work Life is a process of work organisation which enables its members at all levels to participate actively and effectively in shaping the organisations' environment, methods and outcomes. It is a value-based process which is aimed towards meeting the twin goals of enhanced effectiveness of the organisation and improved quality of life at work for the employees".

5.2.19 Characteristics of QWL

Major characteristics of Quality of work life involves;

- ◇ It is a continuous and systematic process.
- ◇ It enables the employees to participate in shaping the organisation's environment, methods and outcomes.
- ◇ QWL is a value-based process.

5.2.20 Objectives of Quality of Work Life

The major objectives of quality of work life involves;

- ◇ To maintain the high productivity of employees.
- ◇ To motivate employees through fulfilling their needs.
- ◇ To create a positive feeling among the workforce through improving the physical and mental health of employees.

- ◇ To increase the satisfaction level of employees.
- ◇ To improve the relationship between the employees and the organisation

5.2.21 Concept/ Constituents/ Dimensions of QWL

We know that if we do the work as a burden, it will adversely affect our performance. Employees will enjoy their work only if the quality of their work life is maintained. Richard E Walton explains the quality of work life in terms of eight conceptual categories that help to maintain the quality of the work life of employees. Those eight conceptual categories are given below;

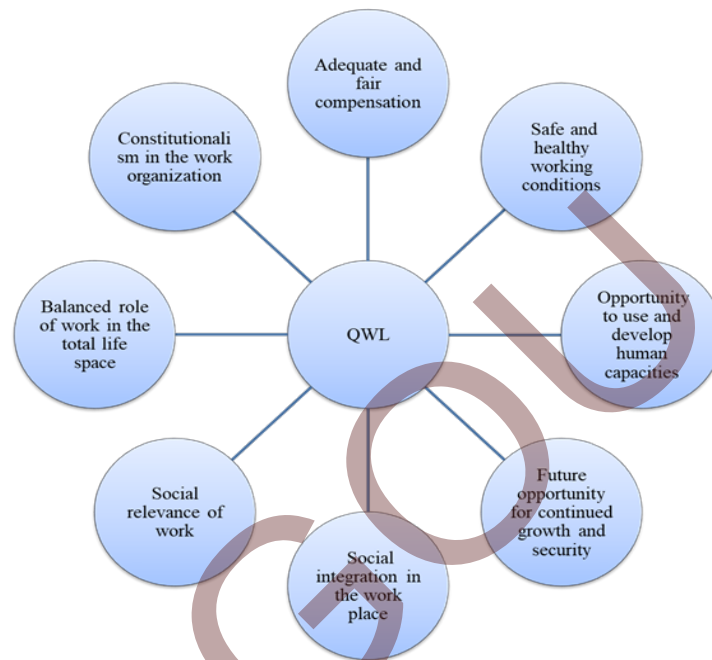


Figure 5.2.8 Conceptual categories of QWL

5.2.21.1 Adequate and fair Compensation

Employees expect fair compensation based on the nature of their job. So, in every organisation, there must be a justifiable balance between effort and compensation. This fair and adequate compensation helps the employee to maintain the standard of living

5.2.21.2 Safe and healthy working condition

Have you ever noticed the yellow-coloured helmet used by the construction workers? Why would they wear it? It helps to maintain their safety.

Safety and healthy working conditions are very important for all industries such as chemical manufacturing industries, mines, electrical manufacturing, construction industries, etc.

Safe and healthy working conditions are very important for all industries. The work

environment of an organisation should be free from all harmful situations like pollution, hazards, risky work, etc.

5.2.21.3 Opportunity to use and develop human capacity

The organisation should give chances or opportunities to the employees to show their talents and capabilities. It helps the organisation to utilize and develop human capacity. It is also helpful for the employees to achieve their career growth and acquire more skills and talents.

5.2.21.4 Future opportunities for continued growth and security

We studied a lot about career planning, performance appraisal, etc. These are mainly focused on the development of employees and help them to achieve their career growth. Opportunities provided by the organisations to their employees help them to achieve their career success. We can see this opportunity as a part of the quality of work life.

5.2.21.5 Social Intergration in the Workplace

Interaction between peer groups, superiors and management helps to create a social system in the organisation. This leads to the development of positive feelings among employees regarding trust, self-esteem, sense of community, openness, etc.

5.2.21.6 The Social relevance of work

Have you heard about Corporate Social Responsibility or CSR?

This is a practice followed by most of the companies which gives importance to the social issues. Today, organisations do more significant levels of social activities by utilizing a part of their profit.

Organisations move forward with the realisation that all their activities are accountable to society. Therefore, organisations are involved in social issues like pollution control, eradication of poverty, consumer protection, national integration, etc. These are all part of corporate social responsibility. Social welfare also helps the organisation to create a positive image of the organisation among employees and the organisation.

5.2.21.7 Balanced role of work in the total life space

In the pandemic situation of Corona, most of the organisations implemented the work-from-home method. This allows them to spend more time with family members and enjoy life. However, in normal situations, employees spend more time in the organisations. Depending on the nature of the work, the time taken may vary. Tallying process in the accounting section of the organisations may take more time than other works. Some meetings on sales target held even at night hours is also an example of a job that demands a lot of time. These types of jobs affect the work-life balance of the employees. A person needs to be able to carry his personal life and job together. So, every organisation should provide importance to the work-life balance of the employees. In

management studies, there is a branch that is related to the study of employee's work-life which is known as Work-Life Balance.

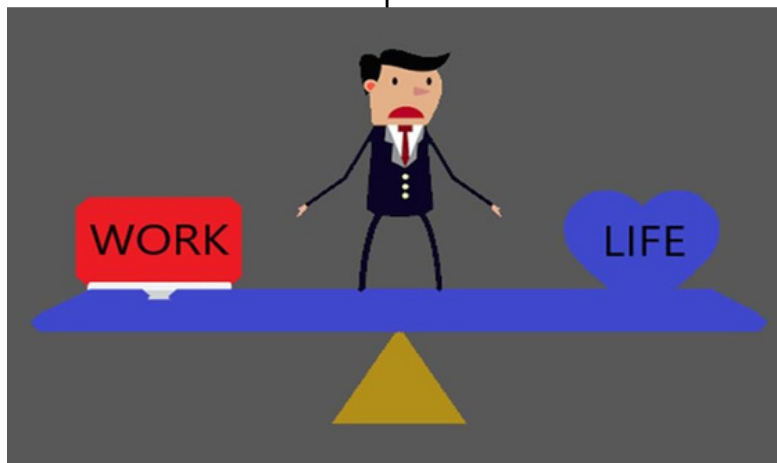


Figure 5.2.9 Work –Life balance

5.2.21.8 Constitutionalism in the work organisation

Quality of work life provides constitutional protection to the employees in the organisation. Every organisation has a set of rules to protect and control employee's rights and duties. As such, it is possible to carry out activities in an orderly manner and to ensure that employees do not have job problems.

5.2.22 Principle of QWL

The major principles of QWL are given below;

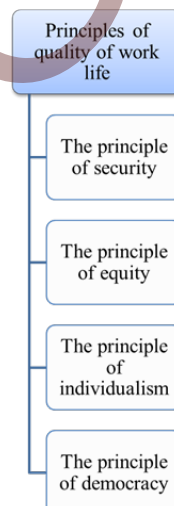


Figure 5.2.10 Principles of quality of work life

5.2.22.1 The Principle of Security

In Kerala, the majority of job seekers dream and prefer to get Government jobs

The main reason is that government jobs have more job security and benefits than private jobs.

We have seen that in the case of the Corona pandemic, a huge number of employees lost their jobs in many organisations. As a result, the living conditions of employees changed. Therefore, job security provided by organisations to the employees acts as a key factor in the quality of work-life. Quality of work-life cannot be improved until the employees come out from anxiety and fear of losing their jobs.

5.2.22.2 The Principle of Equality

Equity can be considered as the togetherness of fairness, kindness and justice. All forms of discrimination in organisations should be eliminated. The rewards should be given to the employees based on their effort and performance. This helps to improve the work-life quality and job satisfaction of employees.

5.2.22.3 The Principle of Individualism

Haven't you noticed that there is a lot of behavioural difference between you and your friends?

This is because the surroundings and environment in which you grew up are different from others. In an organisation, there will be a large number of employees and their attitudes, skills, capabilities, etc. are different. So, organisations should treat each employee based on their behaviour and character. And the organisation should provide opportunities to develop their skills and potential. This separate treatment of employees based on their behaviour helps the organisation to maintain the quality of work life.

5.2.22.4 The Principle of Democracy

Employees should feel that they have importance in the organisation. This will enable the employees to perform each job well and bring the organisation to success. Sometimes organisations consider their employees' opinions in the decision-making process to prioritize the role of employees in the firm. This will create a democratic situation in the organisation and lead to a high quality in the work life of the employees.

5.2.23 Techniques of QWL

Major techniques used to improve the quality of work life are given below;

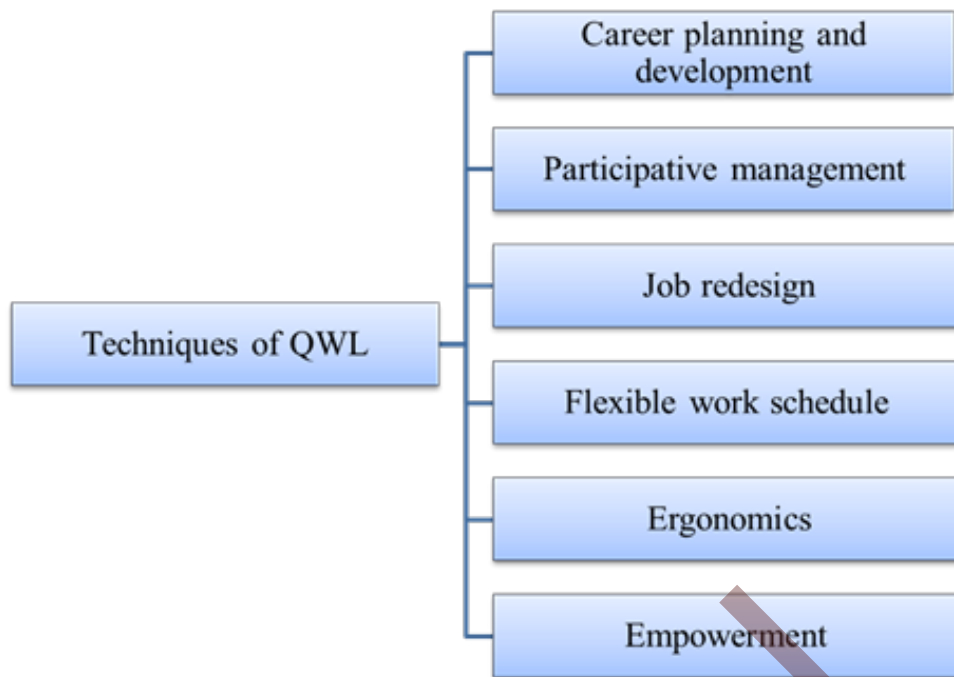


Figure 5.2.11 Techniques of Quality of Work Life

5.2.23.1 Career Planning Development

It is a systematic process and effort to achieve both individual and organisational goals. In career planning and development, the organisation helps the employees identify and analyze their future opportunities and needs for achieving career success

5.2.23.2 Participative management

Here, the management gives importance to employees in the decision-making process. The suggestions from the employees are also considered in the decision-making of management. This allows employees to understand their position in the organisation and thereby increase their involvement in the work.

5.2.23.3 Job redesign

This is another arrangement that helps to increase the quality of work life. Here, the organisation rearranges the job structure of employees. The organisation redesigns the job through job simplification, job rotation, enlargement of jobs, job enrichment, etc.

5.2.23.4 Flexible Work schedule

In this technique, the organisation provides a flexible work schedule to the employees that helps to make them feel comfortable.

The major methods in this technique involve converting the job schedule to part-time, work sharing, flexible working hours, etc.

5.2.23.5 Ergonomics

We know that employees who work as clerks, accountants, office staff, staff in coal mines, etc. suffer a lot of physical problems like back pain, joint pain and other diseases. This is because of the mismatch of employee's physical condition and the environment of the workplace.

Ergonomics means the process of matching the organisational environment to the physical attributes of employees. It helps to protect the physical and mental health of the employees.

5.2.23.6 Empowerment

In employee empowerment, the organisation provides a responsibility to employees to make decisions regarding all aspects of product development and customer service.

Empowerment in the organisation helps to create high involvement, participation and high self-esteem among the employees.

5.2.24 Quality circle

Suppose A, B, C, D, E, F, G and H are eight employees doing the same type of job in the operations department of Velbern Pvt. Ltd. And A is the leader of this group. They come together regularly to analyse their performance and work. It helps to identify the work progress, analyse problems, productivity, and total performance of both the workgroup and the organisation. These small groups are known as quality circles.

Quality circles were developed in Japan and it was largely responsible for rebuilding and stabilizing the shattered economy of that country.

Quality circles can be defined as a small group of employees working in a similar type of work or the same department come together to analyse their work regularly. Quality circles are a modern management concept designed to bring together all levels of the workforce in an organisation to set standards of excellence and achieve better results. The major features of the quality circles are

- ◇ It is a small group including 8 to 10 people.
- ◇ It is a homogenous group, so it involves the people doing the same type of work
- ◇ Quality circles are voluntary groups
- ◇ The members of the quality circles meet regularly for about an hour every week.
- ◇ It identifies, analyses and solves work-related issues and problems.

The major objectives of the quality circles involve;

- ◇ To improve communication among employees.
- ◇ To help to analyse the self-development of employees

- ◇ To achieve high growth and productivity through maximum utilisation of human resources.
- ◇ To maintain quality of work life.
- ◇ To develop various supervisory skills like leadership, problem-solving skills, etc. among employees.

5.2.25 Benefits of Quality Circles

We read about the quality circles including members A, B, C, D, E, F, G and H. The organisation decided to analyse and adapt the benefits of the quality circles programme. Let's see what benefits it has given to the employees and the organisation.

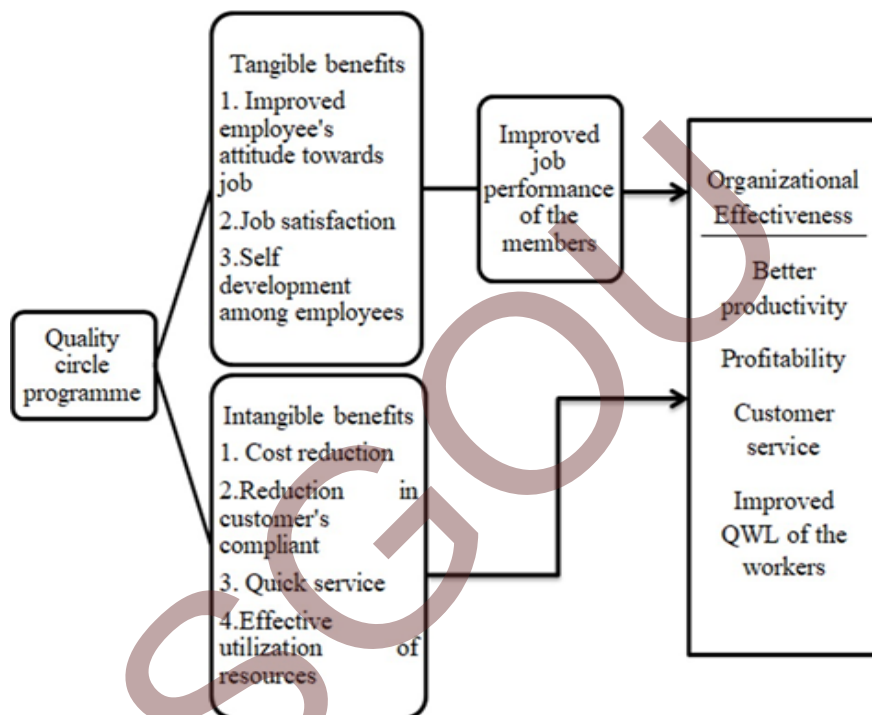


Figure 5.2.12 Benefits of the quality circles

Benefits for the members

Through this programme, members of the quality circles get an opportunity to discuss their problems, performance improvements, etc. The major benefits for the members are given below.

- Quality circles help to improve the job satisfaction of the members.
 - ◇ It helps in self-development of employees in terms of skills, knowledge, etc.
 - ◇ Helps to improve the satisfaction of social and esteem needs of the employees.
 - ◇ Helps to maintain interaction and communication among quality circle members.
 - ◇ Quality circles help to improve the quality of the work life of the employees.

Benefits for the organisation

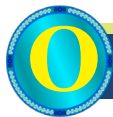
- ◇ Quality circles help to improve the total performance of the organisation.
- ◇ Development of solutions to the identified organisational problems.
- ◇ It helps to promote the participative management system.
- ◇ Helps to improve the total effectiveness and employee satisfaction in the organisation.
- ◇ Improves the harmony and mutual trust between members and the organisation.



Recap

- ◇ Workers' participation management: Participation of employees in the decision-making process of the organisation
- ◇ Objectives of workers participations management includes :
 - a. maintain the employee-employer relationship
 - b. maintain high productivity
 - c. create democracy
 - d. avoid conflict.
- ◇ Suggestions for the success of WPM; mutual understanding, having a union, clear communication, training and support, and participation at all levels.
- ◇ Team: It is a small group of people with complementary skills who come together for a predetermined purpose or task completion
- ◇ Features of a team:
 - a. Involves a small group of people
 - b. involves rules and norms
 - c. information is shared with all members.
- ◇ Stages of team building: Forming, Storming, Norming, Performing and Adjourning
- ◇ Collective bargaining: It is a systematic process of discussion and negotiation between the employer and the employee to reach an agreement to regulate working conditions and terms of employment

- ◇ Features of collective bargaining:
 - a. collective process
 - b. bi-parties process
 - c. systematic process.
- ◇ Absenteeism: It refers to the process in which employees in the organisation fail to report at the workplace during the scheduled time
- ◇ Major causes of absenteeism: poor welfare facility, unhealthy working conditions, personal needs, low wage level, inadequate leave facility.
- ◇ Labour turnover means shifting of employees into and out of an organisation is called labour turnover
- ◇ Accession: Addition of new candidates to the organisation
- ◇ Separation: Termination of employees from the organisation
- ◇ Quality of work life: methods and techniques in which an organisation can ensure the overall well-being of employees.
- ◇ Quality circles: It is a small group of employees working in a similar type of work or the same department come together to analyze their work regularly.



Objective Questions

1. What is a grievance?
2. What is discipline?
3. What is non-vindictive approach?
4. What is demotion?
5. What is suspension?
6. What is fine in punishment?
7. What is considered as the severe punishment of an organisation?
8. What is workers' participation management?



9. What is a team?
10. What are the steps in team building?
11. What is forming stage?
12. What is an adjourning stage?
13. What is collective bargaining?
14. What is absenteeism?
15. What is labour turnover?
16. What is accession?
17. What is separation?
18. What is the quality of work life?
19. What are quality circles?
20. What is ergonomics?



Answers

1. It is the feeling of dissatisfaction among the employees and this dissatisfaction is brought to the attention of management.
2. Discipline is an external force that enables an employee of an organisation to comply with the organisational rules and regulations.
3. It means violation or misconduct must be properly investigated and punishments must follow the violation.
4. Demotion means the reduction of an employee's position from their current job position.
5. The employee is prohibited from performing the duties and responsibilities assigned to him and his pay is withheld as long as the prohibition exists.
6. Fine is the reduction of an employee's remuneration as a penalty for misconduct.

7. Dismissal
8. It means the participation of employees in the decision-making process of the organisation.
9. It is a small group of people with complementary skills who come together for a predetermined purpose or task completion and their performance outcome is more than the sum of individual efforts.
10. Forming, storming, norming, performing and adjourning
11. A team is formed and the members focus on orientation to goals and setting procedures
12. Termination of the team after successful completion of the given task
13. Systematic process of discussion and negotiation between employer and employee for reaching an agreement to regulate working conditions and terms of employment.
14. Absenteeism refers to when employees in the organisation fail to report at the workplace during the scheduled time.
15. Shifting of employees into and out of an organisation is called labour turnover
16. Addition of new candidates to the organisation
17. Termination of employees from the organisation
18. It refers to methods and techniques in which an organisation ensure the overall wellbeing of employees.
19. A small group of employees working in a similar type of work or in the same department come together to analyse their work regularly.
20. Process of matching the organisational environment to the physical attributes of employees.



Self-Assessment Questions

1. Explain grievance.
2. Write a short note on industrial grievances.
3. Explain different types of employee grievances.



4. Explain the procedure of grievance redressal.
5. Write a short note on the worker's participation in Management with suitable examples.
6. What are the objectives of worker's participation in Management?
7. Explain the different forms of worker's participation in India.
8. Explain the term Team with an illustration?
9. What are the main the characteristics of a team?
10. What are the objectives and benefits of team building?
11. What are the different stages of the team building?
12. Explain the term collective bargaining through examples.
13. What are the features of collective bargaining?
14. What are the need and importance of collective bargaining?
15. Explain the term absenteeism.
16. Describe the term labour turnover.
17. Explain the causes of labour turnover with examples.
18. What are the different types of labour turnover?
19. Explain term quality work life?
20. What are the characteristics of quality work life?
21. What are the dimensions of quality work life?
22. Describe the term quality circle?



Assignment

1. Analyse, why grievance redressal is important in organisations?
2. Prepare a note on the importance of workers' participation management in India.
3. Analyse the factors that affect the performance of the team.
4. Analyse the role played by the trade unions in collective bargaining.

5. Identify the major causes and effects of labour turnover in an organisation.
6. Analyse the importance of QWL in the Indian context.



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Suggested Reading

1. Subba Rao, P. (2019). *Personnel and Human Resource Management* – Himalaya Publishing House.
2. Gupta, C. B. (2018). *Human Resource Management* – Sultan Chand & Sons.
3. Aswathappa, K. (2020). *Human Resource Management* – McGraw Hill Education



MODEL QUESTION PAPER SETS



SREENARAYANAGURU OPEN UNIVERSITY

Model Question Paper (SET- 1)

QP CODE:

Reg. No:.....

Name:

FIFTH SEMESTER BACHELOR OF BUSINESS ADMINISTRATION

(BBA-Honours) EXAMINATION

MAJOR DISCIPLINE CORE COURSE

SGB24BBB301MC – HUMAN RESOURCE MANAGEMENT

CBCS – UG Regulations

2024 - 2025 – Admission Onwards

Time: 3 Hours

Max Marks: 70

Section A

(Answer any 8, each carry 1 mark)

(8×1= 8)

1. Explain HRP?
2. What is recruitment?
3. What do you mean by induction?
4. Define the term grievance
5. What is job satisfaction?
6. What is the open-door policy?
7. What is sensitivity training?
8. What is MBO?
9. Define punishment
10. What is a team?

Section B

(Answer any 6, each carry 2 marks)

(6×2=12)

11. List any two features of Human Resource Planning
12. What is a competitive advantage in HR?



13. Explain the term quality circle
14. What is the difference between Human Resource management and Personnel management?
15. List any 2 objectives of compensation management
16. Give any two differences between Training and Development
17. What are the different roles of a Human Resource Manager?
18. Explain the features of collective Bargaining

Section C

(Answer any 6, each carry 5 marks)

(6×5=30)

19. Discuss the importance of Human Resource Management in enhancing organizational success and employee well-being
20. Differentiate between Recruitment and Selection
21. Explain the process of Performance Appraisal
22. Briefly explain the methods of understanding Employee Grievance
23. Elaborate on the causes of labour turnover
24. Write a note on the quality of work-life
25. Explain the various objectives of Teambuilding
26. Explain the case study method in Off-the-Job Training

Section D

(Answer any 2, each carry 10 marks)

(2X10=20)

27. Explain the term training and explain the various methods of On-the-job training
28. Briefly explain the various stages of the formation of a team
29. Explain the term absenteeism and discuss the causes that lead to absenteeism
30. Give a brief account of the evolution of HRM as a functional area in any organization.



SREENARAYANAGURU OPEN UNIVERSITY

Model Question Paper (SET- 2)

QP CODE:

Reg. No:.....

Name:

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(BBA- Honours) EXAMINATION

MAJOR DISCIPLINE SPECIFIC ELECTIVE COURSE

SGB24BBB301MC – HUMAN RESOURCE MANAGEMENT

CBCS – UG Regulations

2024 - 2025 – Admission Onwards

Time: 3 Hours

Max Marks: 70

Section A

(Answer any 8, each carry 1 mark)

(8×1= 8)

1. What do you mean by Personnel Management?
2. What is Strategic Human Resource Management?
3. What do you mean by QWL?
4. Who proposed the Scientific Management Approach?
5. What are Gripe Boxes?
6. What is meant by 'Systems Approach'??
7. What is sensitivity training?
8. What is MBO?
9. Define punishment
10. What is profit sharing?

Section B

(Answer any 6, each carry 2 marks)

(6×2=12)

11. List any two objectives of Employee Discipline
12. What is an exit interview?



13. Differentiate between Recruitment and Selection
14. What is the difference between Human Resource management and Personnel management?
15. List any 2 objectives of compensation management
16. Give any two differences between Training and Development
17. What are the different roles of a Human Resource Manager?
18. Explain the features of collective Bargaining.

Section C

(Answer any 6, each carry 5 marks)

(6×5=30)

19. Explain the scope of Human Resource Management.
20. Differentiate between Recruitment and Selection
21. Explain the process of Performance Appraisal
22. Briefly explain the methods of understanding Employee Grievance
23. Elaborate on the methods of Job Design
24. Write a note on the advantages of Internal Recruitment
25. Explain the term fringe benefits
26. What are the different types of compensation?

Section D

(Answer any 2, each carry 10 marks)

(2X10=20)

27. Explain the term grievance and elaborate on the various approaches in Grievance Redressal
28. Briefly explain the various stages of the formation of a team
29. Analyse the need and importance of management development in the Indian context.
30. Explain the different levels of Collective Bargaining

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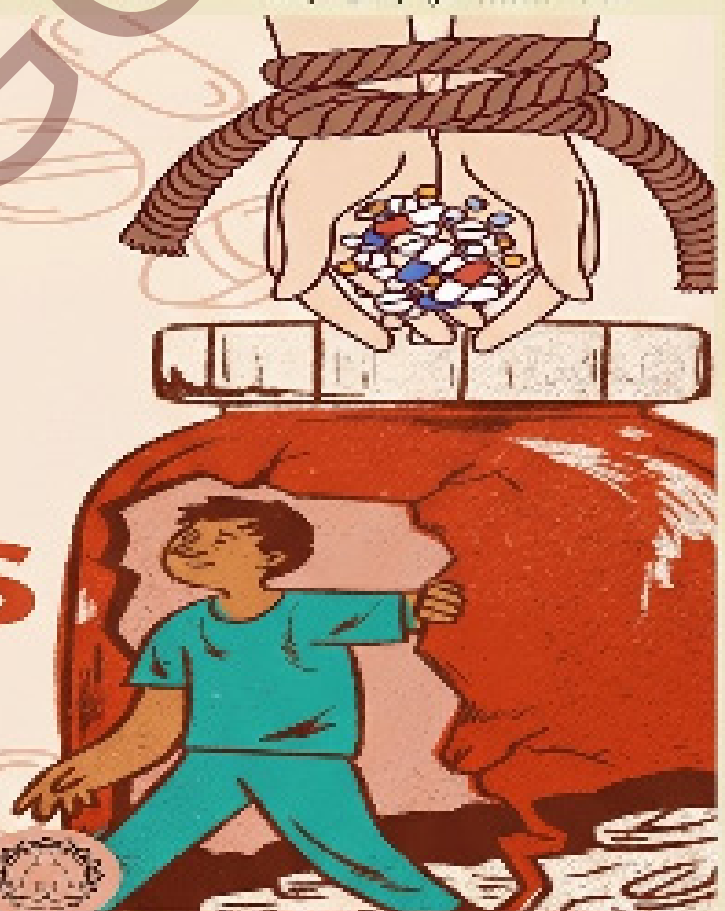
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