

HUMAN RESOURCE MANAGEMENT

COURSE CODE: SGB24BB202MI

Bachelor of Commerce (Honours)

Minor Course

Self Learning Material



SREENARAYANAGURU
OPEN UNIVERSITY

SREENARAYANAGURU OPEN UNIVERSITY

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

SREENARAYANAGURU OPEN UNIVERSITY

Vision

To increase access of potential learners of all categories to higher education, research and training, and ensure equity through delivery of high quality processes and outcomes fostering inclusive educational empowerment for social advancement.

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: SGB24BB202MI

Semester- V

Minor Course

Four Year Undergraduate Programme

Bachelor of Commerce (Honours)

Self Learning Material

(with Model Question Paper Sets)



SREENARAYANAGURU
OPEN UNIVERSITY

SREENARAYANAGURU OPEN UNIVERSITY

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



Human Resource Management

Course Code: SGB24BB202MI

Semester- V

Minor Course

Four Year Undergraduate Programme

Bachelor of Commerce (Honours)

Academic Committee

Dr. Johney Johnson
Dr. Fezeena Khadir
Dr. Vijayan K.
Dr. K.G. Satheesh Kumar
Dr. Shanimon S.
Dr. Roshna Varghese
Dr. Nithya U.S.
Dr. Meera Prathapan
Dr. Manu M.S.

Dr. Sanitha K.K.
Dr. Drisya Krishnan G.
Mohammed Aslam A.

Review and Edit

Dr. Viswanath V. S.

Linguistics

Sujith Mohan

Scrutiny

Ashish John Ashok
Amar Shariar
Dr. Sanitha K.K.
Dr. Viji Vijayan
Mohammed Aslam A.
Dr. Midhun V.
Dr. Athena Prince
Dr. Gopika C.G.
Dr. Kavitha S.
Mahesan K.P.

Cover Design

Jineshkumar S

Co-ordination

Director (IC), MDDC :
Dr. Sajeevkumar G.
Coordinator, Development:
Dr. Anfal M.
Coordinator, Distribution:
Dr. Abdul Razak Kunnathodi



Scan this QR Code for reading the SLM
on a digital device.

Third Edition
July 2026

Copyright
© Sreenarayanaguru Open University

ISBN 978-81-688475-6-9



All rights reserved. No part of this work may be reproduced in any form, by mimeograph or any other means, without permission in writing from Sreenarayanaguru Open University. Printed and published on behalf of Sreenarayanaguru Open University by Registrar, SGOU, Kollam.

www.sgou.ac.in



Visit and Subscribe our Social Media Platforms

MESSAGE FROM
VICE CHANCELLOR

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.



Regards,
Dr. Jagathy Raj V. P.

01-07-2026

Contents

BLOCK - 01	Human Resource Management	1
Unit - 1	Introduction to Human Resource Management	2
Unit - 2	Human Resource Managemnt Functions	17
BLOCK - 02	Human Resource Planning (HRP)	39
Unit - 1	Introduction to Human Resource Planning	40
Unit - 2	Job Analysis and Job Design	52
BLOCK - 03	Recruitment and Selection Under Human Resource Planning	67
Unit - 1	Recruitment	68
Unit - 2	Selection	75
BLOCK - 04	Training and Development	91
Unit - 1	Training	92
Unit - 2	Development	111
BLOCK - 05	Performance Appraisal and Compensation	128
Unit - 1	Performance Appraisal	129
Unit - 2	Compensation	147
BLOCK - 06	Grievance Redressal and Development Initiative	158
Unit - 1	Grievance Redressal	159
Unit - 2	Development Initiatives	170



BLOCK - 01

Human Resource Management

Unit - 1

Introduction to Human Resource Management



Learning Outcomes

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

- ◇ analyse the concept, nature, and significance of Human Resource Management in contemporary organisations
- ◇ examine the objectives of Human Resource Management and their contribution to organisational effectiveness and employee development
- ◇ evaluate the importance of Human Resource Management in achieving organisational success, workforce productivity, and employee well-being
- ◇ assess the scope and functional areas of Human Resource Management in business and non-business organisations
- ◇ critically analyse the evolution of Human Resource Management concepts and their influence on modern people-management practices



Prerequisite

Imagine a newly established hospital equipped with advanced medical equipment, modern infrastructure, and sufficient financial resources. Despite these advantages, the hospital struggles to provide quality services and faces frequent employee turnover. At the same time, another hospital with similar resources is known for excellent patient care, motivated staff, and efficient operations. What makes the difference?

The answer often lies not in technology, buildings, or finances, but in the way people are managed. Employees are the driving force behind every organisation, and their knowledge, skills, commitment, and creativity determine organisational success. Managing people effectively has therefore become one of the most important responsibilities of modern organisations.

In today's dynamic business environment, organisations must attract talented employees, develop their capabilities, motivate them to perform, and retain them

for long-term success. Human Resource Management (HRM) provides the framework for accomplishing these tasks. Understanding the concepts, objectives, significance, and evolution of HRM helps learners appreciate how organisations transform human potential into organisational achievement.

This unit introduces the fundamental concepts of Human Resource Management, its importance, scope, and evolution, thereby providing a foundation for understanding the various HR functions discussed in subsequent units.



Keywords

Human Resource Management (HRM), Human Resources, Workforce Planning, Talent Management, Employee Development, Employee Motivation, Job Satisfaction, Industrial Relations, Employee Welfare, Organisational Effectiveness



Discussion

1.1.1 Human Resource Management

Consider a tech company like Google, known for innovation and creativity. What makes Google so successful is not just its cutting-edge technology—it's the way it manages its people. Google invests in creating a supportive workplace, offers learning opportunities, and listens to employees' feedback. This thoughtful management approach fosters innovation and makes employees feel valued, which, in turn, drives the company's success.

HRM is not just about hiring and firing. It's about building relationships, nurturing talent, and creating a work environment where everyone can thrive. Whether you're running a small startup or working in a multinational corporation, HRM is essential to turning individual efforts into collective success.

Why is it Called Human Resource Management?

- ◇ **Human:** Refers to the skilled workforce within an organisation.
- ◇ **Resource:** Highlights their limited availability and value as a critical asset.
- ◇ **Management:** Emphasizes the need to optimise, utilise, and make the best use of these scarce and valuable resources.

The success of any organisation depends on how effectively it manages its resources. While non-human resources such as land, capital, and equipment play essential roles, it is the human resource—and its management—that lies at the core of an organisation's achievements.



Human Resources (HR) encompasses all the people working in an organisation, often referred to as personnel. Human Resource Management (HRM) is the organisational function that includes practices designed to manage people effectively throughout the employment cycle.

HRM involves hiring, motivating, and retaining employees, ensuring they contribute to the organisation's success. It is a management function that focuses on people as the most critical resource in any organisation.

Human Resource Management (HRM) is a key management function focused on managing people within an organization. It involves activities such as recruiting, selecting, training, and developing employees. HRM centres on the "people" aspect of management, aiming to ensure the efficient and effective use of human resources. HRM is dedicated to building a motivated and cohesive workforce that operates smoothly. It encompasses planning, acquiring, developing, utilising, and retaining human resources, all with the goal of achieving the organisation's objectives.

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 the end that individual, organisational and societal objectives are accomplished."

The Indian Institute of Personnel Management defines HRM as "Human resource management is a responsibility of all those who manage people as well as being a description of the work of those who are employed as specialists. It is that part of management which is concerned with people at work and with their relationships within an enterprise. It applies not only to industry and commerce but to all fields of employment."

1.1.2 Nature of Human Resource Management

As we are familiar with the definition of Human Resource Management, let's now look into its common characteristics or nature to get a better understanding of the term

- **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? Resources include all the factors that contribute in 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 company. 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 company's 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 achieve its goals. But the important thing to keep in mind is that HRM always puts the interest of the people

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 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.

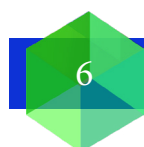
- **Effective use of workforce**

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 waste 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, humane 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 news paper 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 HRM 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/Significance 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. How does Infosys procure the ideal workers?

Human Resource Management is important to 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 job 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 workers 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 was able to align 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 jobs.

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 for the organisation but also assists them in growing individually and becoming confident entrepreneurs.

iv. Innovation and Creativity

Hindustan Unilever Limited (HUL) relaunched Rin Bar and Powder with smart foam technology in 2017. Smart Foam Technology is an innovation that cuts 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 bring forth innovation and creativity, but they come from the intellect of the workers.

HRM provides incentives, recognition, rewards, etc., for employees who think differently and come up with new methods that help the organisation produce better quality products at lower costs. HRM thereby makes the organisational environment conducive to innovation and creativity.

v. Organisational Success

If you have watched a cricket match, you might have noticed some of the daring fielding feats performed by the players to take a wicket or save a few runs. The player might 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, also get other benefits like free food, transportation, medical benefits, and recreational opportunities. HRM takes the initiative to provide these benefits to improve the commitment of the workers towards the organisation and also to provide a better 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/functions or the areas in which HRM can be applied.

1.1.5 Evolution of Human Resource Management Concepts

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:

1.1.5.1 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 is a 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.

1.1.5.2 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.

1.1.5.3 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.

1.1.5.4 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.

1.1.5.5 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

1.1.5.6 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.

1.1.5.7 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.

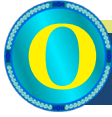
One of his friends, Sumeet, on hearing this, says, "So you can't be called as an HR Manager. Instead, you should be called as a Personnel Manager". Rupeesh didn't like this remark, so he replied by saying that he is an HR Manager by designation. Sumeet clarifies that he didn't mean any disrespect. Still, 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.



Recap

- ◇ Human Resource Management is concerned with the effective acquisition, development, utilisation, and retention of employees.
- ◇ HRM focuses on people as the most valuable resource of an organisation.
- ◇ The nature of HRM is people-centred, pervasive, continuous, and an integral part of management.
- ◇ HRM aims at achieving organisational goals through the effective utilisation of human resources.
- ◇ Major objectives of HRM include attracting talent, employee motivation, job satisfaction, teamwork, employee loyalty, and managing organisational change.
- ◇ HRM contributes to organisational success by providing skilled manpower, promoting innovation, enhancing productivity, and improving employee welfare.
- ◇ HRM has broad applicability in both business and non-business organisations.
- ◇ The evolution of HRM reflects a gradual shift from viewing employees as commodities to recognising them as valuable organisational assets.
- ◇ Important stages in the evolution of HRM include the Commodity Concept, Factor Production Concept, Welfare Concept, Paternalistic Concept, Industrial Relations Concept, Humanitarian Concept, and Human Resource Concept.
- ◇ Modern HRM emphasises employee development, participation, well-being, and organisational growth.





Objective Questions

1. What is the primary focus of Human Resource Management?
2. Which characteristic of HRM indicates that it is present at all levels of an organisation?
3. What is the ultimate objective of Human Resource Management?
4. Which HRM objective focuses on attracting and retaining competent employees?
5. What is meant by assigning the right person to the right job?
6. Which aspect of HRM is concerned with employee welfare and well-being?
7. In which stage of HRM evolution were workers treated as commodities that could be bought and sold?
8. Which concept in HRM evolution emphasised employee welfare and improved working conditions?
9. Which concept considers employees as valuable organisational assets and partners in organisational success?
10. Which concept of HRM evolution emerged from the findings of Elton Mayo's Hawthorne Studies?



Answers

1. Effective management and development of human resources.
2. Pervasive function.
3. Achievement of organisational goals through people.
4. Attracting and retaining talent.
5. Effective utilisation of workforce.
6. Welfare aspect.
7. Commodity Concept.
8. Welfare Concept.
9. Human Resource Concept.
10. Humanitarian Concept.



Self-Assessment Questions

1. Explain the concept and nature of Human Resource Management. How does HRM contribute to organisational effectiveness?
2. Discuss the major objectives of Human Resource Management and their significance in achieving organisational goals.
3. Examine the importance of Human Resource Management in enhancing employee performance and organisational success.
4. Analyse the scope of Human Resource Management with reference to personnel, welfare, and industrial relations aspects.
5. Trace the evolution of Human Resource Management from the Commodity Concept to the Human Resource Concept.
6. Evaluate the changing perception of employees across the different stages in the evolution of Human Resource Management.



Assignments

1. Visit any organisation in your locality and identify the Human Resource Management practices followed there. Prepare a brief report on how these practices contribute to organisational effectiveness.
2. Interview an employee or manager working in an organisation and collect their views on the importance of Human Resource Management in improving employee performance and workplace satisfaction.
3. Select a well-known company and examine how its Human Resource Management practices contribute to attracting, developing, and retaining talented employees.
4. Prepare a comparative note showing the changes in the treatment of employees from the Commodity Concept to the Human Resource Concept in the evolution of Human Resource Management.
5. Analyse a recent organisational change (such as digitalisation, remote working, or restructuring) and discuss how Human Resource Management can help employees adapt to such changes effectively.





Reference

1. Gupta, C.B. (2023). *Human Resource Management*. Sultan Chand & Sons, New Delhi.
2. Subba Rao, P. (2023). *Personnel and Human Resource Management*. Himalaya Publishing House, Mumbai.
3. Aswathappa, K. (2023). *Human Resource Management: Text and Cases*. McGraw Hill Education, New Delhi.
4. Prasad, L.M. (2022). *Human Resource Management*. Sultan Chand & Sons, New Delhi.
5. Dessler, G. (2020). *Human Resource Management*. Pearson Education.



Suggested Reading

1. Armstrong, M. (2023). *Armstrong's Handbook of Human Resource Management Practice*. Kogan Page.
2. Decenzo, D.A., Robbins, S.P., & Verhulst, S.L. (2021). *Fundamentals of Human Resource Management*. Wiley.
3. Ivancevich, J.M. (2022). *Human Resource Management*. McGraw Hill Education.

Unit - 2

Human Resource Management Functions



Learning Outcomes

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

- ◇ analyse the differences between Personnel Management and Human Resource Management
- ◇ evaluate the role of Strategic Human Resource Management in achieving organisational competitiveness
- ◇ examine the various approaches to Human Resource Management and their relevance in managing employees
- ◇ assess the major functions of Human Resource Management in organisational settings
- ◇ critically analyse the administrative, operational, and strategic roles performed by Human Resource Managers



Prerequisite

Imagine a growing organisation that has recently expanded its operations across different regions. The company recruits new employees regularly, provides training programmes, evaluates performance, resolves employee grievances, and plans strategies to remain competitive in the market. At the same time, managers must ensure that employees remain motivated, productive, and aligned with organisational goals.

Managing people in such a dynamic environment is not a simple administrative task. It requires a systematic understanding of human behaviour, organisational objectives, and long-term business strategies. Human Resource Management provides the framework through which organisations effectively acquire, develop, motivate, and retain employees while achieving organisational success.

This unit introduces the major functions of HRM, various approaches to managing human resources, the distinction between Personnel Management and Human Resource Management, the emergence of Strategic HRM, and the multi-faceted roles performed by Human Resource Managers in modern organisations.





Keywords

Personnel Management, Strategic Human Resource Management, Behavioural Approach, Scientific Management Approach, Systems Approach, Human Resource Approach, Human Resource Planning, Performance Evaluation, Human Resource Information System, Strategic Partner, Change Champion, Employee Champion



Discussion

1.2.1. Personnel Management

It is a traditional concept of managing people, which considers human beings merely as workforce. Personnel management is concerned with all the work-related aspects of employees and the organisation, and it takes necessary measures to improve the productivity of employees and thereby attain organisational objectives. Its function is limited to the administrative aspect of human resources, which involves recruiting, selecting, training, directing, controlling, maintaining industrial relations, etc.

Human Resource Management is a more modern concept that considers employees not just as a workforce but as assets, resources, or investments. What exactly is an investment? Investment is any entity or project in which the organisation puts money, effort, and time intending to maximise the profit or returns from the particular entity or project. Examples of investments are land, machinery, money investments, etc. Now, since human beings and machines are considered investments, is there any difference in the way they are treated?

Human beings, unlike any other investments, possess aptitudes, ambition, personal objectives, etc. So, when employees are considered investments, the organisation trains, motivates, and develops their skills while at the same time introducing measures that help them achieve their personal goals and ambitions systematically to maximise their contribution towards the organisation.

Now, let us look into the major difference between personnel management and human resource management.

1.2.2 Personnel Management Vs Human Resource Management

We can understand the differences between personnel management and human resource management through a series of questions.

Table 1.2.1 Comparison of Personnel Management and Human Resource Management

Basis of comparison	Personnel Management	HR Management
What is the major focus?	It focuses on employee-related aspects of an organisation.	It focuses on treating employees as an organisation's resources.
What is its understanding of employee performance and employee satisfaction?	It believes that better employee performance leads to better employee satisfaction.	It believes that better employee satisfaction will result in improved employee performance.
What is the main area of operation/work?	Concerned with administrative work such as hiring, salary administration, maintaining discipline, etc.	Concerned with the development of employee skills, qualities, and ambitions and, thereby, retention of employees
On what aspects does it give more emphasis on improving employee performance?	It places more importance on the simplification of complex work, rotation of work, and providing monetary rewards for improving employee performance.	It follows the ideology that employee performance can be improved by providing responsibility, autonomy, and recognition, which will result in improved performance through creativity and innovation.
Does it strictly adhere to the general guidelines regarding working in the organisation?	It strictly follows the rules and regulations regarding how work is to be carried out in an organisation.	It is an open approach that focuses on employee development through sufficient autonomy, which gives freedom to the employees to think and act outside of the box (beyond the general rules).
How does it respond to changes in the organisation and the business environment?	It is reactive to changes, i.e., as changes come, it takes measures to adjust to them.	It is proactive to changes, i.e., it anticipates the need for change and often brings changes to the organisation.



1.2.3 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.

1.2.4 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.

1.2.5 Traditional 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 1.2.2 Difference Between HRM and Strategic HRM

Basis of comparison	Traditional	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.

1.2.6 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:

1.2.6.1. 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.

1.2.6.2 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.

1.2.6.3 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. Because for HRM, 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, etc

- **Motivation Stage**

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

Output

It is what is expected out of the employees of the organisation. Output can be expressed in terms of three factors, namely, Productivity.

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.

This sums up the Systems Approach to HRM.



1.2.6.4 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.

Now that we have discussed different approaches to HRM let us dig deep into the concepts of traditional HRM and strategic HRM and see how they differ from one another.

Stallone is a famous company that makes sports equipment and apparel. It has been operating successfully for the past decade, and many employees have survived. It was operating finely and was generating profit sufficient to support its operations and further expand its business. However, in a few recent years, the top management noticed a slump in the company's performance, and this trend has progressed over the years, so it cannot be brushed off as insignificant. So, the top management calls a directors meeting and discusses the poor performance of the company and also the measures that need to be taken to ensure the survival of the company.

The board of directors came to a consensus that to survive, the company needed to merge with its close competitor company, Stathum. They have already approached Stathum's management, and they are willing to approve the merger.

The board of directors of Stallone immediately calls up the managers of different departments and asks their opinions in this regard. All of the managers were in favour of the management's decision, and many called for immediate implementation. The HR Manager intervenes and says he also supports this strategic long-term decision to ensure the organisation's survival, but it should not be implemented in haste. Since the employees are the most important partners necessary for the successful implementation of the strategy, their acceptance of the strategy is also vital.

As a merger creates a major change in the organisational setup, the employees will resist it. If not dealt with appropriately, it will adversely affect their performance and result in disharmony in the new organisational environment formed through the merger. The top management agrees with the HR manager and acknowledges that strategic management and HRM should go hand in, if a desired long-term objective is to be attained.

In this section, we will learn about Strategic HRM and the differences it shares with Traditional HRM.

1.2.7. Scope/Functions of Human Resource Management

Human Resource Management is an evolving field, and its coverage is vast. HRM has its applicability right from the time an employee requirement arises in the organisation to the time an employee leaves the organisation. Indian Institute of Personal Management has divided the scope of HRM into three specific areas, namely Personal Aspects, Welfare Aspects, and Industrial Relations Aspects. We will look into the three particular areas in detail.

1.2.7.1. Personnel Aspects of Human Resource Management

When you hear the term “Personnel”, it is easy to confuse it as something related to a particular person, but that term is “Personal”. The term “Personnel” means people employed in an organisation. So, personnel aspects include the scope of HRM for the employees of an organisation. The components of the Personnel Aspects will be introduced below in the order of their occurrence in an organisation for your easy understanding. Each component will be introduced as an answer to a question for the management concerning their requirement, which makes it so much easier for you to remember.

a) Human Resource Planning: Do we have a sufficient workforce for the future?

An organisation can succeed only if it keeps an eye on the future. HRM makes an estimate (in terms of skill and number) of the present employees in the organisation and helps forecast the nature and number of employees required for the future so that the organisation's operations are not delayed at any point.

For example, a mask manufacturing company during the advent of the coronavirus epidemic should be able to foresee the demand for masks in the near future. To gain maximum profit, they should be able to produce somewhere near the market demand. For that, they need to check if they have a sufficiently skilled workforce to carry out the operations. If not, plans should be made to fill the positions.

b) Job Analysis: What is the nature of the job to be performed?

HRM assesses in detail the type or nature of the job to be performed. This analysis helps the organisation understand its requirements and thereby focus on the workers with specific qualifications and skill sets required to carry out the job.

For example, suppose Maruti sales have gone down, and from the analysis, they found it is due to a lack of sufficient promotional activities. In that case, the management should hire people who specialise in marketing rather than looking for employees with manufacturing backgrounds.

c) Recruitment and Selection: How do we hire people?

HRM aids the organisation in hiring the required employees for various jobs. The hiring process is done through recruitment and selection. Recruitment is the process of looking for potential employees with suitable qualifications and skills. Recruitment is inviting the candidates to apply for the post. Selection is the process of picking the right candidates for the job from the people who have applied for the post.



For example, when a college requires faculty members, they will put up an advertisement in the newspapers regarding the nature of the job and the minimum qualifications expected out of the applicants. This is recruitment. The college will receive a lot of applications as a result of the advertisement. The college might conduct tests and interviews to select the most suitable candidates from the applicants. This is Selection.

d) Training and Development: How do we make the employees ready for a job?

Employees hired after the selection process will have the basic qualifications and skills to perform the job. Still, they might not be familiar with the organisational objectives, and as a result, their level of output might not be up to the mark. To overcome these shortcomings, HRM insists on providing various training and development programs for new employees to improve their skill sets and become accustomed to the new job and the organisation's objectives.

For example, a newly hired technician in a blood testing lab will be familiar with blood collection and other activities related to the job. Still, the supervisor might provide directions to the technician regarding how the collected blood samples should be labelled, the protocol followed by a lab when disposing of the used needles, etc.

e) Performance Evaluation: How do we assess the employee's performance?

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. HRM conducts performance evaluations to identify weak performance and take necessary measures to improve it.

For example, a car sales executive's performance will be evaluated based on the number of customers influenced and the cars sold during a particular period. The company rates the performance by comparing the actual number of vehicles sold with the expected sales number of the company for that specific period.

f) Employee Motivation: How can we improve the performance of employees?

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. This will help an organisation improve productivity, eliminating the need for supervision, reducing wastage, and lowering overall production costs.

For example, the Head of the Department of Economics of a reputed college motivates one of their fellow teachers regarding the values of imparting education and the college's need to excel academically in terms of students' performance in university exams. The teacher becomes so motivated that they feel the college's goal to produce better results is their own goal as well. So, teachers, apart from the Allotted duties also take extra care of their student's academics by providing topic-specific notes, doubt-clearing sessions, remedial classes for weak students, etc. This action from the motivated teacher will result in improved student performance, which is also the goal of the college.

g) **Employee Remuneration:** On what basis do we pay the employees?

Administering wages and salaries is an important function of HRM. The remuneration provided should be fair, impartial, and acceptable to all employees. Otherwise, it will lead to dissatisfaction, which is a major cause of the lowering of quality and productivity. Remuneration should be decided based on experience, qualification, skill set, and the range of responsibilities to be handled. Provisions should be in place to provide extra benefits to employees who excel in their work. The remuneration provided should match the existing wage/salary rates in the industry.

For example, in an organisation, the base salary of a manufacturing worker with 20 years of experience and a fresh recruit will not be the same. However, the bonus provided will be solely based on the output produced by the individual workers.

h) **Human Resource Information System:** How can we coordinate employees from different departments?

HRM has taken the initiative to create a human resource information system. It contains details about the employee's personal, educational, experience, and special skill. It also includes the history of employee performance with regard to the achievements earned, warnings, or punishments received during the tenure with the organisation. Having a good Human Resource Information System helps an organisation understand their employees in depth. It also helps in answering certain questions like what job is to be assigned to whom, who should be part of the interdepartmental team for a new project, which employees should be promoted to, etc.

For example, when NASA decides to send some Astronauts to the space station, they won't do it on a random or rotational basis. The track records of the astronauts employed with NASA will be closely monitored, and only after intense scrutiny will the decisions regarding the people to be selected to send to space be made. Human Resource Information System will help a great deal in making this decision.

1.2.7.2. Welfare Aspect of Human Resource Management

The employees work to fulfil the objectives of the organisation. So, the organisation must ensure the welfare of its employees. Human Resource Management takes special care to ensure that the welfare of the employees is met. Therefore, what do you mean by the welfare of the employees? Is it related to the remuneration the organisation pays to the employees in return for the work they do?

The welfare of employees is, in a way, associated with the remuneration they get from the company, but the term welfare has a wider scope. Welfare means overall prosperity that comes with the well-being of the employees. A sufficient wage/salary doesn't guarantee prosperity to any individual. So, we will look into the factors that ensure the welfare aspects of employees working in an organisation.

- **Better working conditions**

It involves better lighting, ventilation, a clean, hygienic, toxic-free environment, etc.



- **Following safety practices**

The organisation should ensure that all protocols that are related to the safety of the workers should be followed. Example: Protective gear like helmets, masks, and gloves should be provided when employees are working in proximity to hazardous or dangerous circumstances.

- **Health benefits and medical facilities should be available**

There should be provision to provide immediate health care assistance to employees if they happen to be in any accidents or distress while working for the company. The organisation should completely bear all expenses arising out of these incidents.

- **Job security should be provided to a certain extent**

Monitoring and evaluation of employees are necessary, but if the scrutiny exceeds a situation where the employees have insecurity about losing their jobs, they won't feel confident in the activity they undertake, and this will result in the quality and quantity of the output they produce. HRM ensures that employees feel free and confident to work and interact with their superiors and makes sure that employees don't lose their jobs over any issue without a fair hearing.

- **Ideal working hours**

Employees' working hours should be set in such a way that they don't exceed the maximum working hours set by the law of the land. Working hours should be organised to provide sufficient toilet breaks and rest time for the employees.

- **Canteen facilities**

The HRM of the organisation should make sure that there are canteen facilities available within its premises.

- **Recreational Facilities**

The organisation should have facilities for employees' recreational activities such as caroms, table tennis, etc. HRM knows that recreational activities are essential to reduce stress and create a bond among the employees.

1.2.7.3 Industrial Relation Aspect of Human Resource Management

The term "Relations" indicates the connections between two entities. So, what do industrial relations imply? Industrial Relations mean ways undertaken to maintain a very good relationship between the employer and employees of the organisation. So, let's look into the measures taken by HRM to ensure harmonious relationships exist between management and employees of the organisation.

- **Recognition of Trade Unions**

Employees have the freedom to form associations. 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 that the organisation gives approval

and recognition to trade unions and that the organisation always maintains a good relationship with them.

- **Encouraging Employee Involvement**

Involving employees in the decision-making process that is associated with the work they do gives them freedom, autonomy, and a sense of involvement and belongingness with the organisation that no remuneration can provide. Whenever there are few vehicles on the road, there is a possibility for collision because different people drive cars. Likewise, people in an organisation are prone to collide in terms of ideas and behaviour. This difference in opinion between employees of an organisation is called conflict. HRM takes necessary steps to manage the conflict on time so that it doesn't create a hindrance to the smooth functioning of the organisation.

- **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 the employees abide by the rules. HRM practices strict measures such as Douglas McGregor's "Red Hot Stove Rule" to maintain discipline in the organisation. In this concept, disciplinary action for misconduct is similar to touching a hot stove, i.e. there will be a prior warning. However, if you still proceed, the disciplinary action will be immediate, similar to touching a hot stove. The burn (disciplinary action) will be consistent, and it will be the same for everyone (impersonal). By following this type of disciplinary action, the employees can be disciplined without any dissatisfaction.

- **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 is 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 takes special care to investigate the grievance to find the root cause, and if found, genuine efforts are taken to settle the grievances.

- **Adherence to Various Labour Laws**

The government puts forth certain laws to govern the companies functioning in the country. The main objective of these laws is to avoid the exploitation of workers by the company management and to ensure that workers' welfare is met. Some of the important labour laws are the Factories Act, Workmen Compensation Act, Minimum Wage Act, etc. HRM ensures that the organisation complies with all the labour laws of the land.

Now, let's look into the various roles played by HR managers in any organisation.

Ravi and Azhar are friends. Ravi works as a human resource manager at a reputed company, and Azhar is a doctor by profession. So, one day, they decided to go to a movie, and as Ravi had some issues with his vehicle, he asked Azhar to drive by his office to pick him up. When Azhar reached the office, Ravi still had to complete some unfinished business, so he asked Azhar to wait in his cabin. Azhar could see Ravi giving



directions to the maintenance staff regarding repairing the air conditioners in the office and giving directions to the cleaning staff regarding some issues in the toilet. Ravi suddenly comes up to Azhar and says to please wait for half an hour as he needs to attend a meeting with the company's lawyer regarding settling a lawsuit that arose from some disputes in the company.

Azhar was amazed by the variety of roles Ravi handles and the responsibilities associated with them. Finally, Ravi returns, and they quickly set off for the movie because they don't want to be late. During the drive, Azhar tells Ravi about his misconception about the duties of an HR manager. Azhar believed that Ravi's responsibilities were limited to hiring people and fixing their salaries. Ravi told him that it was only a few of the many roles he performs daily. So, Azhar is interested to know about the roles and responsibilities performed by Ravi as an HR manager in the company.

In this section, we will look into the various roles of a human resource manager in detail.

1.2.8 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.

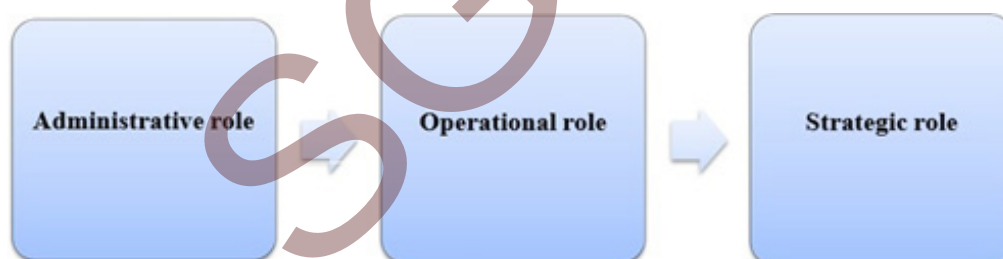


Figure 1.2.3 Role of HR Manager

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:

1.2.8.1 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.

1.2.8.2. 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.

1.2.8.3 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.

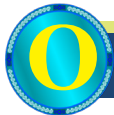
For example, when the organisation plans for mergers or acquisitions with other organisations, employees will be distressed about the proceedings because they fear losing jobs or their respective positions and will be worried about the change of job as well as authority. HR Manager is the person who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



Recap

- ◇ Personnel Management is a traditional approach that primarily focuses on the administrative management of employees.
- ◇ Human Resource Management treats employees as valuable organisational resources and emphasises their development and retention.
- ◇ Strategic Human Resource Management integrates HR policies with organisational strategies to achieve long-term objectives and competitive advantage.
- ◇ The major approaches to HRM include the Behavioural Approach, Scientific Management Approach, Systems Approach, and Human Resource Approach.
- ◇ The Systems Approach views HRM as a system consisting of interconnected subsystems such as recruitment, training, motivation, remuneration, and performance evaluation.

- ◇ The personnel functions of HRM include human resource planning, job analysis, recruitment, selection, training and development, performance evaluation, motivation, remuneration, and HRIS.
- ◇ Welfare functions focus on employee well-being through safety measures, health facilities, recreational facilities, and suitable working conditions.
- ◇ Industrial relations functions include trade union recognition, employee involvement, grievance redressal, discipline maintenance, and compliance with labour laws.
- ◇ Human Resource Managers perform administrative, operational, and strategic roles to ensure organisational effectiveness and employee satisfaction.
- ◇ Strategic roles such as Strategic Partner and Change Champion help organisations adapt to environmental changes and achieve long-term goals.



Objective Questions

1. Which traditional approach considers employees merely as a workforce?
2. What does Strategic Human Resource Management integrate with HR policies?
3. Which HRM approach is based on the principles of F.W. Taylor?
4. In the Systems Approach, employees are considered as _____.
5. Which function of HRM focuses on forecasting future workforce requirements?
6. What is the process of attracting potential candidates for employment called?
7. Which HRM function evaluates employee performance against predetermined standards?
8. Who acts as the voice of employees in an organisation?
9. Which strategic role helps employees adapt to organisational change?
10. What is the primary objective of Strategic HRM?





Answers

1. Personnel Management
2. Organisational or business strategies
3. Scientific Management Approach
4. Inputs
5. Human Resource Planning
6. Recruitment
7. Performance Evaluation
8. Employee Champion
9. Change Champion
10. Creating competitive advantage



Self-Assessment Questions

1. Compare Personnel Management and Human Resource Management with suitable examples.
2. Explain the concept of Strategic Human Resource Management and discuss its significance in modern organisations.
3. Examine the various approaches to Human Resource Management and their contributions to employee management.
4. Analyse the major personnel, welfare, and industrial relations functions of Human Resource Management.
5. Discuss the Systems Approach to Human Resource Management and explain its stages.
6. Evaluate the administrative, operational, and strategic roles performed by Human Resource Managers in organisations.



Assignments

1. Visit an organisation and identify the major Human Resource functions being carried out. Prepare a brief report highlighting their contribution to organisational effectiveness.
2. Conduct an interview with an HR professional and gather information regarding the strategic role played by HR in achieving organisational goals.
3. Select a company that has undergone a merger, acquisition, or major organisational change and analyse how Human Resource Management helped employees adapt to the change.
4. Prepare a comparative chart showing the differences between Personnel Management, Human Resource Management, and Strategic Human Resource Management.
5. Examine the role of a Human Resource Manager in any organisation known to you and identify the administrative, operational, and strategic responsibilities performed.



Reference

1. Gupta, C.B. (2023). *Human Resource Management*. Sultan Chand & Sons, New Delhi.
2. Subba Rao, P. (2023). *Personnel and Human Resource Management*. Himalaya Publishing House, Mumbai.
3. Aswathappa, K. (2023). *Human Resource Management: Text and Cases*. McGraw Hill Education, New Delhi.
4. Prasad, L.M. (2022). *Human Resource Management*. Sultan Chand & Sons, New Delhi.
5. Dessler, G. (2020). *Human Resource Management*. Pearson Education, New Delhi.





Suggested Reading

1. Armstrong, M. (2023). *Armstrong's Handbook of Human Resource Management Practice*. Kogan Page, London.
2. Ivancevich, J.M. (2022). *Human Resource Management*. McGraw Hill Education.
3. Decenzo, D.A., Robbins, S.P., & Verhulst, S.L. (2021). *Fundamentals of Human Resource Management*. Wiley.
4. Noe, R.A., Hollenbeck, J.R., Gerhart, B., & Wright, P.M. (2023). *Human Resource Management: Gaining a Competitive Advantage*. McGraw Hill Education.
5. Mondy, R.W., & Martocchio, J.J. (2021). *Human Resource Management*. Pearson Education.



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

Olympics is a prestigious international sports festival held every four years. Hosting of Olympics is considered an honor as well as an opportunity because, during the conductance of the Olympics, the whole world converges into the hosting country. The Olympic Games were held in Tokyo, Japan in 2021. Let us look into the preparations undertaken by Japan even by 2016 for hosting this sporting spectacle.

Increased education in English – As English is not the mother tongue of Japan and English is the common language that connects the foreigners coming to the country, many companies as well as individuals have started courses for learning the language as they want to be involved in the conductance of the Olympics.

Renovating cultural heritages – The foreigners coming for the games will also be interested in sightseeing as well. So, Japan is making an effort to improve the way these heritages look.

Transportation and Roads – Even though Japan has a very efficient public transportation system, the engineers are working on making necessary alterations to roads to accommodate the huge influx of people expected during the Olympics.

Creating a new national stadium – Japan started construction of an arena for the game's conductance with an estimated budget of 155 billion Yen in 2016. The arena is expected to include around 68000 to 80000 people.

Now which is the most important resource that is needed in all the above cases for their effective fulfillment? It is definitely human resources. In all the cases human resources are required in the form of English teachers, engineers, architects, skilled and unskilled workers etc. for carrying out the task. So, Japan as a country and the companies there anticipate the requirement of manpower and formulate effective planning to make the event a great success. Such type of planning formulated for employee requirement is called HR Planning.



Keywords

Human Resource Planning, Strategic Human Resource Planning, Succession planning



Discussion

2.1.1 Human Resource Planning (HRP) / Manpower Planning

As you are aware, the COVID-19 pandemic has adversely affected the lives of people around the globe. India is one of the countries most affected by COVID-19. The government is doing everything to bring the situation under control by taking measures to reduce the rate of new COVID-19 cases and to provide relief to the affected patients. So, what is the most important resource that will help the government in achieving these objectives? It is certainly the health care workers. Shortages of other resources like medical oxygen, ventilator beds, N95 masks, and PPE kits will also create a hindrance to the fight against coronavirus. Still, these shortages will not have a lasting impact as these things can be procured or produced quickly. But think about the situation where there is a shortage of doctors and nurses in hospitals. This shortage will have a wider impact as these resources cannot be quickly procured or produced. The government had anticipated the requirement for more medical staff due to the rising COVID cases. It had taken measures to attract more doctors to the task by offering grace marks in PG entrance exams to doctors who perform COVID-19 duties and also by making use of the services of final-year medical students to look after COVID patients under the strict supervision of senior doctors. The government's planning in determining the medical staff requirement and methods adapted to fulfil the requirement of the medical staff can be referred to as Human Resource Planning.

Human Resource Planning is a function of Human Resource Management. It is also known as Manpower Planning, Personnel Planning, and Employment Planning. 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 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. According to Bruce P. Coleman, “Manpower planning is a process of determining the workforce requirements and means for meeting these requirements to carry out the integrated plan of the organization”.

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 the 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 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.

2.1.5. Strategic Human Resource Planning

We have already discussed the scenario where telecom companies Vodafone and Idea merged to face the competition from Reliance Jio. The above 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.

2.1.6. Conventional 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 dif-



ferences are presented through a series of questions.

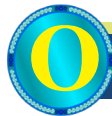
Table 2.1.1 Conventional HRM Vs Strategic HRM

<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.



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.



Reference

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



Suggested Reading

1. Armstrong, M. (2023). *Armstrong's Handbook of Human Resource Management Practice*. Kogan Page.
2. Noe, R.A., Hollenbeck, J.R., Gerhart, B., & Wright, P.M. (2023). *Human Resource Management: Gaining a Competitive Advantage*. McGraw Hill Education.
3. Ivancevich, J.M. (2022). *Human Resource Management*. McGraw Hill Education.
4. Mondy, R.W., & Martocchio, J.J. (2021). *Human Resource Management*. Pearson Education.
5. Decenzo, D.A., Robbins, S.P., & Verhulst, S.L. (2021). *Fundamentals of Human Resource Management*. Wiley.

Unit - 2

Job Analysis and Job Design



Learning Outcomes

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

- ◇ analyse the concept, objectives, and significance of Job Analysis in organisations
- ◇ evaluate the various methods used for conducting Job Analysis
- ◇ examine the components of Job Analysis and their role in human resource decision-making
- ◇ assess the importance of Job Design in improving organisational effectiveness and employee satisfaction
- ◇ analyse various methods of Job Design and their contribution to work-force productivity



Prerequisite

Imagine that a large automobile service centre plans to recruit additional technicians to meet increasing customer demand. Before hiring new employees, the management needs answers to several questions: What exactly should the employees do? What qualifications should they possess? What skills are required? How should the work be organised to ensure efficiency and employee satisfaction?

Finding answers to these questions is essential before assigning work or recruiting employees. Organisations therefore analyse jobs systematically and design them carefully to ensure that the right people perform the right tasks in the most effective manner. Job Analysis and Job Design help organisations understand work requirements, improve productivity, and enhance employee satisfaction. This unit introduces the concepts, methods, objectives, and significance of Job Analysis and Job Design.



Keywords

Job Analysis, Job Description, Job Specification, Job Evaluation, Job Design, Job Enrichment, Job Enlargement, Job Rotation, Job Simplification, Workforce Planning, Performance Evaluation, Human Resource Information System



Discussion

2.2.1. Job Analysis

From the scenario narrated in the prerequisite, we can say Job Analysis is the process of collecting information about a job. The information about the job includes knowledge, skills, and abilities an employee should possess to carry out the job successfully.

According to Edwin B. Flippo, “Job analysis is the process of studying and collecting information relating to the operations and responsibilities of a specific job”.

2.2.2. Methods of Job Analysis

Job analysis is the process of collecting all relevant information about a job. Now, let us examine the various means by which pertinent information about a job can be obtained. The organisation’s human resource department will administer these methods. The best source of information about a job is the existing employees who are performing the job day in and day out. The HR department should devise various methods for tapping this information effectively from the employees. These methods are listed below. The multiple ways of job analysis are explained in the context of the car service centre, stated in the prerequisite for easy comprehensibility.

2.2.2.1. Questionnaire

Suppose there is a requirement for employees in the areas of engine and tyre repair. So, the HR department will prepare a comprehensive questionnaire, which is a series of questions that enquires about the relevant characteristics and nature of the engine and tyre repair jobs. This questionnaire will be administered to the concerned employees of the respective departments. The employees are asked to provide information about the jobs in their own words. This information from the questionnaire can later be sorted and analysed by the HR department to obtain relevant information about the job.

2.2.2.2. Checklist

To find out what kinds of jobs are performed by employees in the car service firm, a long task statement is given to the employees by the HR department. The task statement contains a list of various jobs performed in a car service centre. The employees are



SREE NARAYANAGURU
OPEN UNIVERSITY

supposed to check and mark the tasks they perform. This information helps the management summarise the variety of functions performed by each of their workers. This information will result in effective utilisation of the workforce by identifying the idle workers and assigning them tasks. It also pinpoints the areas where staff is scarce.

2.2.2.3. Diary/Logbook

The HR department directs all the employees of the car service centre to maintain a record of the daily activities they do and the time they spend on these activities. These records are kept in the form of diaries or logbooks by each employee individually. The HR department will examine these diaries to gain information about the job.

2.2.2.4. Interview

From the methods mentioned above, information regarding the job is obtainable, but it has certain limitations. To solve this issue, the HR department conducts direct face-to-face interaction with employees regarding the jobs they perform. This direct verbal interaction is known as the interview. It helps to clarify any ambiguities regarding the nature of the job as it is a lively exchange between the employee and the HR representative.

2.2.3.2 Observation

One major drawback of the interviews is that along with the facts, there is a tendency on the part of the employee to share their opinion as well. For instance, a car air conditioning worker who is asked about the difficulty level of their job gives an exaggerated reply about the difficulty level, which might lead to faulty conclusions on the part of the interviewer. Now, this might become a cause for misinformation as the state of working conditions, difficulty level of the job, etc., will vary depending upon the opinion of the employee being interviewed.

This problem, to a certain extent, can be reduced by directly observing the jobs performed by the employees by designated HR personnel. It facilitates the HR personnel to note and record the characteristics of the job.

2.2.2.6.Participation

The observation process, if not done by a qualified individual, might lead to wrong conclusions and judgments. The problem with observing something from the sidelines is that people tend to conclude without seeing the real picture. Thus, insights gained from the observation process might be inconclusive and misleading as they will cloud the management's judgment regarding the nature of the job.

This situation would change if the HR personnel assigned to collect information about the job had some general awareness about the job and were actively involved in the work process along with the workers. This involvement is called participation, and it will help collect relevant information about the job in a detailed, error-free, and unbiased manner.

2.2.3. Components of Job Analysis

From Figure 2.2.1, we can see that job analysis has three components, namely Job description, Job specification, and Job evaluation. Let us discuss each of these components in detail.



Figure 2.2.1 Components of Job Analysis

2.2.3.1. 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

We know that a Job Description is a descriptive statement detailing the particular job. Now, let us see what the components are under the job description.

- a. **Name of the job:** A suitable title for the job is necessary to have an understanding of the job. The job titles in the context of the car service firm are engine mechanic, A/C technician, general worker, etc.
- b. **Summary of the job:** A clear description of the duties and responsibilities of the job is mentioned.
- c. **Location of the job:** The address of the place of posting and the name of the department of posting should be mentioned without fail.
- d. **Details of equipment, materials, and tools to be used:** A list of all the equipment to be used in performing the job should be stated. This reduces bottlenecks that arise in further stages of work due to the worker's unfamiliarity with the types of equipment and tools.
- e. **Degree of supervision:** The level of supervision and autonomy associated with the job should be clearly mentioned. The incumbent should know the position in the company's hierarchy in advance, as well as the level of decision-making power with regard to the job.
- f. **Mental and physical requirements for the job:** You might have seen car mechanics spending considerable time under the car and also doing some

heavy lifting here and there as a part of their routine tasks. So, the car service firm should mention upfront in the job description these minimum physical and mental requirements expected of the recruits.

- g. Working conditions:** A car service firm is prone to noise, greasy and oily surroundings, and hazardous scenarios as they are dealing with heavy vehicles. These details of the physical working conditions should be mentioned in the job description.

2.2.3.2. Job Specification

The listing of the minimum qualification details is known as the Job Specification and it is also prepared alongside the Job Description. Both of these in tandem will help to weed out the unwanted applicants for the particular post. So, Job Specification can be defined as a statement of minimum qualifications and capabilities that are necessary to perform a job properly.

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.

2.2.3.3 Job Evaluation

Through Job Description and Job Specification, the company put forth what they expect from newly recruited employees. However, the recruits expect compensation for the work they do for the company. The compensation fixed for the particular job should be reliable and agreeable to both the company management and the employee. So, how does the company determine the ideal compensation for a specific job?

The HR department of an organisation fixes the compensation for a particular job on the basis of its worth against other jobs. In the case of the car service centre, the engine service expert's job position is more complex and demanding than that of a general cleaning staff. So, the HR department finds more value in the post of engine service expert and thereby offers a higher salary for it than the post of general cleaning staff. This orderly and systematic process of determining the relative worth of various jobs

in an organisation so as to develop an equitable wage and salary structure is called Job Evaluation.

The Procedure of Job Evaluation

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

- a. **Acceptance by all:** It should be acceptable to the management and the employees alike.
- b. **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.
- c. **Job Description :** A detailed statement of every job is necessary for the respective evaluation process.
- d. **Job Grading:** It is the classification of jobs on the basis of their nature. The job grading commonly includes administrative, managerial, machine shop, accounting, clerical, cleaning, etc. This grading makes the evaluation process much simpler.
- e. **Consideration of job factors:** There are certain critical factors associated with every job. These vital factors help determine the worth of the jobs. In the case of A/c technicians and engine mechanics, expertise in the respective fields, experience, and skills are key factors. In contrast, in the case of the floor manager, critical analytical skills, leadership qualities, and the ability to maintain employee relationships are the key factors. 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.
- f. **Job Pricing:** It is fixing compensation for the job. Pricing is done on the basis of the worth of the job.
- g. **Review:** Periodic review and revision of job description is essential for understanding the satisfaction level of employees towards the pricing or compensation associated with jobs.

2.2.4: Objectives of Job Analysis

Job Analysis is conducted to obtain detailed and reliable information regarding various jobs in an organisation. It serves as the foundation for several Human Resource Management functions. The major objectives of Job Analysis are discussed below:

1. To Determine Job Requirements

One of the primary objectives of Job Analysis is to identify the duties, responsibilities, skills, knowledge, and abilities required for performing a particular job effectively. This information helps the organisation understand the exact nature of the job.



2. To Facilitate Recruitment and Selection

Job Analysis provides the basis for preparing Job Descriptions and Job Specifications. These documents help management identify suitable candidates and select individuals who possess the required qualifications and competencies for the job.

3. To Assist in Training and Development

By identifying the skills and competencies required for a job, Job Analysis helps organisations determine the training needs of employees. It enables management to design appropriate training and development programmes to improve employee performance.

4. To Support Performance Evaluation

Job Analysis establishes clear standards regarding what is expected from employees. These standards serve as benchmarks for evaluating employee performance and identifying areas requiring improvement.

5. To Aid Compensation Decisions

The information generated through Job Analysis assists in Job Evaluation, which determines the relative worth of different jobs. This helps organisations develop fair and equitable wage and salary structures.

6. To Improve Workforce Planning

Job Analysis helps management estimate the number and type of employees required for different jobs. This information is valuable for human resource planning and effective utilisation of the workforce.

7. To Ensure Proper Job Design

A thorough understanding of job requirements enables organisations to design jobs efficiently by allocating duties, responsibilities, and authority appropriately. This contributes to higher productivity and employee satisfaction.

2.3.2 Significance of Job Analysis

We will now look into the significance of job analysis to the organisation. The Significances are listed as answers to a series of questions concerning an organisation.

1. What information does Job Analysis provide to the company management?

Even though all the operations of the company are authorised and coordinated by the top management, they may not be completely aware of the finite details regarding various jobs in the organisation. Job Analysis provides adequate knowledge about various jobs to the top management.

2. Job Analysis can be called the first step in the selection procedure because it helps the company management identify the personal and professional qualities and traits necessary for successfully performing a particular job.

This information will help the management design the notification and set the minimum criteria required from the candidates for applying for the job.

3. Does Job Analysis help in determining the compensation packages associated with various jobs?

Job evaluation, being a component of Job analysis, aids in identifying the key factors associated with various jobs and thereby helps in precisely calculating the worth or value connected with jobs, which eventually leads to fixing wage and salary packages related to the job

4. What role does Job Analysis have in determining the training required for employees of an organisation?

Job description and Job specification list the nature and minimum skills required to carry out the job successfully. Having detailed proficiency regarding the jobs helps the company management devise strategies for organising training and developing programs for employees to harmoniously and efficiently discharge their duties associated with the jobs.

5. How does job analysis assist management in devising employee promotions?

Job Analysis assists in comparing the present job and future job responsibilities of an employee in line for promotion. This comparison aids the management in promoting the right people to the right positions within the organisation.

2.2.6 Job Design

What do you mean by design? Design is the plan to prepare something successfully even before it is made. Now you know that a careful and well-designed plan is necessary for the successful execution of any objective. So, Job Design is simply the plan outlined by the organisation for the fruitful completion of a task or a job.

Job Design specifically lays down who should do what, how, and in which sequence it needs to be done. Job Design refers to critically arranging duties and responsibilities relating to a job in such a way that there is optimum efficiency in the performance of a job. Now, the direct aim of Job design is the ideal completion of the task in hand, but it has some subsidiary objectives as well.

Job Design will always assign the right task to the right person. This provision is implemented to avoid the wastage of resources and time that arises when the skills of the people and the task do not match. This puts the workers in a safe and comfortable position as they do the task that suits their strengths and likes.

Apart from this, job design also provides employees with an opportunity to develop their careers by giving them the necessary training and motivation. So, we can say



that Job Design has an important influence on the performance and satisfaction of employees.

2.2.7: 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 in a systematic and logical manner, 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.

2.2.8 Methods of Job Design

Various methods adopted by organisations for effectively designing the jobs are listed below.

2.2.8.1. Job Simplification

Take the case of a tyre changing job done in a car service centre. Tyre changing of a car is not as simple a job as it seems. It includes various stages, such as removing the old tyre, checking for damages in the wheel rim, checking for damages in the brake disc in the wheel, balancing of the wheel, alignment of the wheel, etc. Now this is a complex task if it is considered as a whole and a single person is assigned to perform it. But it can be simplified if it is divided into the above-mentioned numerous stages and the task at each stage is allotted to various individuals.

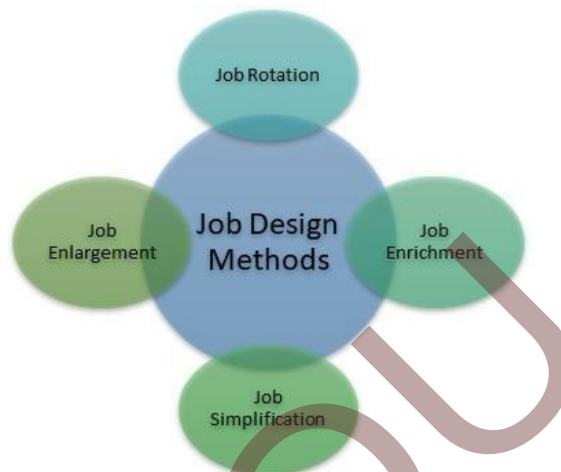


Figure 2.2.2 Methods of Job Design

This process of breaking the job into sub-elements and arranging these elements sequentially is called job simplification. Its main purpose is to make the job easier to understand and perform.

2.2.8.2. 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 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 employee's job, 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 the employees to do their best for the company.

2.2.8.3. Job Enlargement

The word 'Enlargement' means the action of making something more extensive, which means increasing the size associated with something. 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 is that in contrast to Sam's case in Job Enrichment, where he was provided additional superior responsibilities, Rahul is only provided additional peer responsibilities for better compensation. i.e. in Job Enlargement, 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.

2.2.8.4. Job Rotation

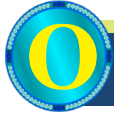
During your routine visits to the bank, you might have noticed that different employees take turns handling the role of the cashier. Why does this role change happen so often? Won't it be great if one person is permanently assigned the role of the cashier? The logic behind this role alternation is that 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.



Recap

- ◇ Job Analysis is the process of collecting information regarding the duties, responsibilities, skills, and requirements of a specific job.
- ◇ The major objectives of Job Analysis include recruitment, selection, training, performance evaluation, compensation determination, and workforce planning.
- ◇ Common methods of Job Analysis include questionnaires, checklists, interviews, observation, participation, and diary/logbook methods.
- ◇ The major components of Job Analysis are Job Description, Job Specification, and Job Evaluation.
- ◇ Job Description provides detailed information regarding the nature and responsibilities of a job.
- ◇ Job Specification outlines the minimum qualifications and competencies required to perform a job.
- ◇ Job Evaluation determines the relative worth of jobs for developing equitable compensation structures.
- ◇ Job Design refers to arranging duties and responsibilities to achieve optimum efficiency and employee satisfaction.
- ◇ Major objectives of Job Design include improving efficiency, utilising employee skills effectively, reducing work stress, and supporting organisational goals.
- ◇ Methods of Job Design include Job Simplification, Job Enrichment, Job Enlargement, and Job Rotation.





Objective Questions

1. What is Job Analysis?
2. Which component of Job Analysis describes the duties and responsibilities of a job?
3. Which component of Job Analysis specifies the qualifications required for a job?
4. Which method of Job Analysis involves direct face-to-face interaction with employees?
5. What is the systematic determination of the worth of a job called?
6. Which method of Job Design adds greater responsibility and autonomy to a job?
7. Which method of Job Design increases the number of tasks performed at the same level?
8. Which method of Job Design involves shifting employees from one job to another periodically?
9. What is the primary objective of Job Design?
10. Which Job Analysis method requires employees to maintain records of their daily activities?



Answers

1. The process of collecting information relating to a specific job.
2. Job Description.
3. Job Specification.
4. Interview.
5. Job Evaluation.
6. Job Enrichment.
7. Job Enlargement.

8. Job Rotation.
9. Achieving optimum efficiency and employee satisfaction.
10. Diary/Logbook Method.



Self-Assessment Questions

1. Explain the concept, objectives, and significance of Job Analysis in organisations.
2. Examine the various methods of Job Analysis and their suitability for collecting job-related information.
3. Discuss the components of Job Analysis and explain their role in human resource management.
4. Analyse the concept and objectives of Job Design in improving organisational effectiveness.
5. Compare Job Enrichment, Job Enlargement, and Job Rotation with suitable examples.
6. Evaluate how Job Analysis and Job Design contribute to employee performance and organisational productivity.



Assignments

1. Visit an organisation and identify how information about different jobs is collected and documented. Prepare a brief report on the Job Analysis practices followed.
2. Collect a job advertisement from a newspaper or online recruitment portal and identify the Job Description and Job Specification elements contained in it.
3. Observe any workplace known to you and analyse how jobs have been designed to improve efficiency and employee satisfaction.



4. Interview a supervisor or manager regarding the importance of Job Analysis in recruitment, training, and performance evaluation.
5. Examine a job role in any organisation and suggest suitable Job Design techniques that could improve employee motivation and productivity.



Reference

1. Gupta, C.B. (2023). *Human Resource Management*. Sultan Chand & Sons, New Delhi.
2. Subba Rao, P. (2023). *Personnel and Human Resource Management*. Himalaya Publishing House, Mumbai.
3. Aswathappa, K. (2023). *Human Resource Management: Text and Cases*. McGraw Hill Education, New Delhi.
4. Prasad, L.M. (2022). *Human Resource Management*. Sultan Chand & Sons, New Delhi.
5. Dessler, G. (2020). *Human Resource Management*. Pearson Education.



Suggested Reading

1. Armstrong, M. (2023). *Armstrong's Handbook of Human Resource Management Practice*. Kogan Page.
2. Noe, R.A., Hollenbeck, J.R., Gerhart, B., & Wright, P.M. (2023). *Human Resource Management: Gaining a Competitive Advantage*. McGraw Hill Education.
3. Ivancevich, J.M. (2022). *Human Resource Management*. McGraw Hill Education.
4. Mondy, R.W., & Martocchio, J.J. (2021). *Human Resource Management*. Pearson Education.
5. Decenzo, D.A., Robbins, S.P., & Verhulst, S.L. (2021). *Fundamentals of Human Resource Management*. Wiley.



BLOCK - 03

Recruitment and Selection Under Human Resource Planning

Unit - 1

Recruitment



Learning Outcomes

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

- ◇ familiarise with the concept of Recruitment
- ◇ explore various Internal sources of Recruitment
- ◇ explain various External sources of Recruitment
- ◇ describe the importance and limitations of Internal and External sources of Recruitment.



Prerequisite

You are planting a garden. To ensure it thrives, you need to select the right seeds based on the soil, climate, and purpose whether it's for beauty, shade, or food. Similarly, organisations are like gardens, and recruitment is the process of selecting the "seeds" i. e., the right people are needed to help the organisation grow and flourish.

For example, consider a tech company launching a new project. To bring it to life, they need software developers, project managers, and marketing specialists. Recruitment involves identifying the skills and qualities required for each role, searching for candidates who fit these requirements, and bringing them into the organisation to contribute to its success.

Just as a gardener carefully chooses seeds to ensure a bountiful harvest, organisations carefully recruit individuals with the right talent and potential. Recruitment is the first step in building a productive and effective workforce. In this chapter, we will delve into the recruitment process, its methods, and its importance in organisational success.



Keywords

Recruitment, Internal Sources, External Sources, Coaching, Transfer, Promotion



Discussion

3.1.1 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.

At its core, recruitment involves discovering reliable sources from which potential employees can be identified and encouraged to apply. These sources may include job portals, social media platforms, recruitment agencies, referrals, and campus drives. By targeting these sources effectively, organisations can secure both the quantity and quality of manpower required to meet their objectives. Recruitment ensures that organisations have access to a steady pipeline of qualified personnel who can contribute to their growth and success.

Scientific recruitment processes offer a range of benefits. By attracting the right talent, organisations can achieve higher productivity, as employees are better equipped to perform their roles efficiently. Furthermore, skilled and satisfied employees often lead to better morale, improved wages, and reduced labour turnover. A well-managed recruitment process also enhances the organisation's reputation, making it an attractive employer for future talent.

It is important to understand that recruitment is distinct from selection. While recruitment focuses on building a pool of qualified candidates, selection involves evaluating these candidates to determine their suitability for specific roles. 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 the process of searching for prospective employees and stimulating and encouraging them to apply for the jobs in an organisation”.



3.1.2. Sources of Recruitment

As the concept of recruitment is made clear, let us look into the various general sources from which every organisation can recruit employees. Recruitment sources can be subdivided into internal and external sources. We will look into both classifications in detail.

3.1.2.1. Internal Sources

Take a scenario where there is a vacancy for the post of manager in the engine service department of the car service firm. The job specification stipulates that the candidate must have a minimum of 10 years of working experience in the engine repair field apart from the basic qualifications. Now, there might be a few engine repair technicians who are already working for the car service firm with the desirable eligibility to be considered for the post of manager. This avoids the need for an alien person to be considered for the post, which demands a lot of responsibility and synchronisation with the existing engine repair technician team. This source of qualified employees that already exist in the organisation and are ideal for another higher post is known as an internal source of recruitment. We will look into how the internal sources are recruited.

a. Promotion

The car service firm had decided to fill the vacancy for the post of manager in the engine service department by identifying the most competent, experienced, and dedicated engine service technician working with the company. This technician will then be upgraded to the higher post of manager, which requires greater responsibility and provides better compensation. This process is known as promotion.

b. Transfer

Suppose the car service firm has a few other branches that function at different locations in Kerala. Vacancies that arise in these branches can be filled by repositioning qualified employees from one branch to another. This relocation of employees from one location to another or from one department to another is called Transfer.

c. Redeployment of excess staff

Suppose there is a shortage of staff in one of the branches of the car service firm and there is a surplus of staff in another. The former and the latter problems can be sorted by reallocating the excess staff to the branch or department that is experiencing a shortage. This is the redeployment of excess staff.

Significances of Recruitment from Internal Sources

We have gone through various methods of internal recruitment. Let us see the advantages gained by the company in exercising recruitment from internal sources. The significance of the car service firm is presented in a question-and-answer form about the car service firm.

- i. What is the time and cost related to the recruitment from internal sources?

The car service firm can complete the recruitment process quickly as the suitable candidates are already working with them. The vacant position can be intimated to them swiftly, and the whole recruitment process can be completed with haste.

As far as the vacancy intimation process is concerned, there is no need to provide advertisements or job notifications in newspapers, television, etc., as the company has no plan of inviting applications from public forums. The job intimations might be provided on the internal notice board of the company or merely on the company website. This will eventually make the whole recruitment process more economical.

- ii. What benefit does the company gain in terms of employee experience from internal recruitment?

While internally recruiting, the employees to be considered for the job will be familiar with the work environment and company policies. They might have a good rapport with their co-workers as they have been working in the same establishment for some time. This will help the management a great deal in terms of the shorter training and induction programs to be provided to the newly hired employees as a result of their familiarity.

- iii. What impact does internal recruitment have on the existing workforce?

When the company recruits internally, the existing workers' morale will be lifted as they feel the company is providing them with career development opportunities. They will be motivated to perform better as a reciprocation of the trust the company puts in them.

- iv. What extra edge does internal recruitment provide to the company as compared to externally hiring someone?

The company will have a long-standing relationship with the internally hired employee. This relationship will help the management understand the work ethics, team spirit, commitment, integrity, etc. of the recruited employee. This information is off-limits at the time when a new employee is hired from an external source.

Limitations of Recruitment from Internal Sources

Apart from the benefits, the company might also face certain limitations when it decides to fill up vacancies from internal sources. Limitations are presented like that of significance for easy comprehensibility.

- i. Will the internal recruitment put an extraburden on the existing workforce?

Suppose an engine technician gets hired to be the engine service department manager. The roles and responsibilities previously performed by them as technicians will now be the responsibility of other employees in the engine service department. This will lead to an overload of work for the employees, which might create an ill feeling for the company.



- ii. Apart from work burden, what other discomfort might existing employees face due to internal recruitment?

A competent, qualified, and skilled enginetechnician was promoted to the post of manager according to the discretion of the company management. There might have been several other internal applicants for that post. The internal employees who are lost in the race for the post of manager might develop some discontent with the company management as well as with their newly promoted colleagues. Now this might disrupt the harmony of the company as a whole.

- iii. What opportunity is lost by the company when they resort to internal recruiting?

As you know, innovative and breakthrough ideas are often contributed by young, enthusiastic new blood compared to experienced veterans. So, when the company inclines towards internal recruiting, they are avoiding young talents, which might hinder the opportunity for innovation and creativity.



Recap

- ◇ 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



Objective Questions

1. What is the process by which pools of prospective candidates are generated?
2. What are the main two sources of recruitment?
3. Which source of recruitment is more costly?
4. What kind of recruitment might improve the company and existing worker relationships?
5. What is known as the process of attracting competitive employees from rival companies?



Answers

1. Recruitment
2. Internal Source and External Source
3. External Source
4. Internal Source
5. Poaching/Raiding



Self-Assessment Questions

1. What is Recruitment ?
2. Explain the purpose and importance of recruitment.
3. Explain the internal factors affecting recruitment.
4. Explain the external factors affecting recruitment.
5. Explain Poaching/ Raiding.
6. What are the limitations of Internal Sources of Recruitment?
7. What is the significance of External Sources of Recruitment?





Assignment

1. Interact with an HR professional to find out the source of recruitment which his/her company prefers and assess the reasons.



Reference

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



Suggested Reading

1. Armstrong, M. (2023). *Armstrong's Handbook of Human Resource Management Practice*. Kogan Page.
2. Noe, R.A., Hollenbeck, J.R., Gerhart, B., & Wright, P.M. (2023). *Human Resource Management: Gaining a Competitive Advantage*. McGraw Hill Education.
3. Mondy, R.W., & Martocchio, J.J. (2021). *Human Resource Management*. Pearson Education.
4. Decenzo, D.A., Robbins, S.P., & Verhulst, S.L. (2021). *Fundamentals of Human Resource Management*. Wiley.
5. Ivancevich, J.M. (2022). *Human Resource Management*. McGraw Hill Education.

Unit - 2

Selection



Learning Outcomes

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

- ◇ Analyse the concept and significance of employee selection in organisations.
- ◇ Evaluate the various stages involved in the employee selection process.
- ◇ Examine different types of interviews and their role in assessing candidates.
- ◇ Assess the importance of induction and placement in integrating employees into organisations.
- ◇ Analyse the need, methods, and organisational significance of internal mobility.



Prerequisite

Imagine that a company has successfully attracted a large number of applicants for a vacant position through its recruitment efforts. Although many candidates possess the required qualifications, not all of them may be suitable for the job. The organisation must therefore identify the most competent candidate who can perform effectively and contribute to its objectives. Even after selecting the right candidate, the organisation needs to familiarise the employee with its culture, policies, and work environment while ensuring that the employee is placed in the most suitable position. As organisations continue to grow, employees may also need opportunities to move across jobs and departments to enhance their skills and career prospects. Understanding these processes is essential for effective human resource management.



Keywords

Selection, Preliminary Screening, Selection Test, Interview, Structured Interview, Unstructured Interview, Induction, Placement, Internal Mobility, Transfer, Promotion, Demotion





Discussion

3.2.1 Selection

From the scenario depicted in the prerequisite, we can say that selection is picking the most suitable candidate for the vacant position from the prospective pool of candidates, which is formed through recruitment. In other words, 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.

3.2.2 Recruitment Vs 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 to carry out various works for the interest of an organisation or any such body of individuals or even an individual alone.

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.

Table 3.21 Recruitment Vs Selection

Basis of comparison	Recruitment	Selection
What is its meaning?	Process of searching for potential candidates and stimulating them to appear for the post.	Process of picking the most suitable candidate and offering the job.
What is its objective?	More and more suitable candidates are being invited to apply for the post.	Choosing the most ideal candidate and rejecting therest.
What is the key factor inthe process?	Publicising the post through mass media.	Appointing a suitable candidate.
In what sequence does it occur in the hiring process?	First	Second
Does it involve any contractual agreement?	There is no contractual agreement as the process only involves communication of the vacancies.	A contractual agreement is made between the employer and the selected candidate.
What approach does it follow?	It follows a positive approach as applicants are invited rather than rejected.	It follows a negative approach as it involves weeding out of unsuitable candidates.

3.2.3 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 base don the scenario of the car service firm for the sake of simplicity.

3.2.3.1 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.

3.2.3.2 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.

3.2.3.3 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.

3.2.3.4. 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.



3.2.3.5. 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.

3.2.3.6. 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.

3.2.3.7. 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.

3.2.4 Induction

We will discuss the term 'Induction' by taking into consideration the scenario of the car service firm that was looking to hire an engine mechanic. In the previous chapter, the car service firm went through all the different steps in the selection process to effectively hire the most suitable candidate for the post of engine mechanic. Let us suppose the firm was successful in it as they hired Rahul, a talented engine mechanic, for the post. So, what is the next activity for the car service firm and Rahul?

As Rahul is a freelancer who was working on his own till then, he had no previous experience working in an organisation. He doesn't know the basic workplace manners and courtesies. He has little idea about the company policies and the code of conduct imposed by the company on its employees. He is just good at what he does. The car service firm is an organisation consisting of a group of employees of diverse behaviours and backgrounds. These employees need to function collectively in harmony for the

organisation to achieve its goals. So, it is imperative to familiarise Rahul with the company culture and policies so that he can engage with the other employees and the organisation in a short period.

As Rahul has no previous organisational work experience, he will have apprehensions similar to that of a kid who is going to school for the first time. This apprehension, if not addressed will turn into fear in no time and will hold Rahul into a shell of his own, which prevents him from freely associating with his colleagues. This can be catastrophic for the car service firm as they have spent a large amount of money and time in hiring Rahul. To prevent this situation, the HR department of the company makes serious efforts to introduce Rahul to all employees of the organisation.

The introduction is not merely limited to knowing names and exchanging pleasantries; rather, it involves a detailed description of the roles, responsibilities, and authority of each individual compared to Rahul. So, when the introduction is over, Rahul will be familiar with the following facts:

- ◇ Who is his boss?
- ◇ To whom does he report to?
- ◇ Which other departments work in tandem with his department?
- ◇ Who are the heads of these departments?
- ◇ What is the employee code of conduct?
- ◇ What are the rules and regulations in the organisation?

The above facts will help Rahul adjust to the organisation, which will allow him to settle down quickly and start working with a positive frame of mind. So, Induction can be defined as the process of introducing newly hired employees to the organisation.

3.2.5 Objectives of Induction

Various objectives of Induction programs offered to the employees and the organisation are presented in a question-and-answer format for the sake of simplicity.

1. *What does induction do to a new employee?*

Induction programs familiarise the new employee with the organisational culture, policies, people, and work environment.

2. *What outcome does this familiarisation have on the new employee?*

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.

3. *How does the benefit shape the employee's perception of the organisation?*

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.



4. *What benefit does the organisation gain from a loyal employee?*

A loyal and devoted employee always puts the organisation's interest as the priority and performs effectively, which increases productivity.

3.2.6 Placement

Through the induction program, Rahul became familiar with his colleagues and the company's rules and regulations. As a newly hired engine mechanic, the company doesn't expect Rahul to carry out the maintenance operations single-handedly. They want Rahul to assist their senior mechanic and perform at their behest. During this tenure, the senior mechanic will be thoroughly able to assess Rahul's strengths and weaknesses and thereby assign those duties that suit him the most. At the same time, he will be provided with the necessary training to overcome the areas where he is lagging.

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. In this chapter, we will discuss the definition, needs, and various methods of internal mobility.

3.2.7 Internal Mobility

Apart from Rahul, other employees of the car service firm are also looking for career growth opportunities. The company plans to bring forth this by making the workforce adept in all the allied areas. For that, the company management introduced a policy of worker rotation every three months. This simply means that Rahul will work in the engine repair department for three months and later he will be moved to another

department. This 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.

3.2.8 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.



3.2.9 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:

3.2.9.1 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.

3.2.9.2. 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.

3.2.9.3. Demotion

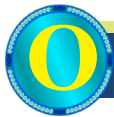
Poor performance and insubordination caused disciplinary action like demotion and even termination. This vertical movement of an employee to lower ranks with lower responsibility and remuneration is called demotion. This is the opposite of promotion.



Recap

- ◇ Selection is the process of choosing the most suitable candidate from a pool of applicants.
- ◇ Recruitment and selection differ in terms of objectives, process, and outcomes.
- ◇ Selection is essentially an elimination process that identifies the most suitable candidate.
- ◇ The selection process generally includes preliminary screening, selection tests, interviews, background verification, medical examination, and job offer.

- ◇ Various selection tests include aptitude tests, achievement tests, intelligence tests, judgment tests, and personality tests.
- ◇ Interviews may be direct, video-based, panel, group, structured, or unstructured.
- ◇ Induction familiarises newly appointed employees with organisational culture, policies, and work environment.
- ◇ Placement involves assigning employees to jobs that match their qualifications and abilities.
- ◇ Internal mobility refers to the movement of employees within an organisation to enhance skills and organisational effectiveness.
- ◇ Transfer, promotion, and demotion are the major methods of internal mobility.



Objective Questions

1. What is selection in Human Resource Management?
2. Which process follows recruitment in employee hiring?
3. Which stage of selection eliminates unsuitable candidates at the initial level?
4. Which test is used to measure a candidate's potential ability to perform a job?
5. What type of interview uses a predetermined set of questions for all candidates?
6. What is the process of introducing newly hired employees to the organisation called?
7. What is the process of assigning employees to jobs that match their qualifications and abilities?
8. What is the movement of employees within an organisation known as?
9. Which method of internal mobility involves movement to a higher position with greater responsibility?
10. Which method of internal mobility involves movement to a lower position with reduced responsibility?





Answers

1. The process of choosing the most suitable candidate for a job.
2. Selection.
3. Preliminary Screening.
4. Aptitude Test.
5. Structured Interview.
6. Induction.
7. Placement.
8. Internal Mobility.
9. Promotion.
10. Demotion.



Self-Assessment Questions

1. Explain the concept of selection and distinguish it from recruitment.
2. Discuss the various stages involved in the employee selection process.
3. Examine the different types of interviews used in employee selection and their significance.
4. Analyse the objectives and importance of induction programmes in organisations.
5. Explain the concepts of placement and internal mobility and discuss their organisational benefits.
6. Evaluate the methods of internal mobility and their role in employee development and organisational effectiveness.



Assignment

1. Collect a recent job advertisement and prepare a flowchart showing the likely selection process followed by the organisation.
2. Interview an HR professional or manager and identify the methods used by the organisation to select suitable candidates.
3. Prepare a comparative note on different types of interviews and evaluate their suitability for various job positions.
4. Visit an organisation or interact with an employee and analyse how induction programmes help new employees adjust to the workplace.
5. Examine any organisation known to you and identify examples of transfer, promotion, and demotion as methods of internal mobility.



Reference

1. Gupta, C.B. (2023). *Human Resource Management*. Sultan Chand & Sons, New Delhi.
2. Subba Rao, P. (2023). *Personnel and Human Resource Management*. Himalaya Publishing House, Mumbai.
3. Aswathappa, K. (2023). *Human Resource Management: Text and Cases*. McGraw Hill Education, New Delhi.
4. Dessler, G. (2020). *Human Resource Management*. Pearson Education.
5. Prasad, L.M. (2022). *Human Resource Management*. Sultan Chand & Sons, New Delhi.





Suggested Reading

1. Armstrong, M. (2023). *Armstrong's Handbook of Human Resource Management Practice*. Kogan Page.
2. Noe, R.A., Hollenbeck, J.R., Gerhart, B., & Wright, P.M. (2023). *Human Resource Management: Gaining a Competitive Advantage*. McGraw Hill Education.
3. Mondy, R.W., & Martocchio, J.J. (2021). *Human Resource Management*. Pearson Education.
4. Decenzo, D.A., Robbins, S.P., & Verhulst, S.L. (2021). *Fundamentals of Human Resource Management*. Wiley.
5. Ivancevich, J.M. (2022). *Human Resource Management*. McGraw Hill Education.



BLOCK - 04

Training and Development

Unit - 1

Training



Learning Outcomes

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

- ◇ analyse the concept, need, and objectives of training in organisations.
- ◇ evaluate various approaches and methods of training adopted by organisations.
- ◇ examine the stages involved in the training process and their significance.
- ◇ assess different methods used for evaluating training effectiveness.
- ◇ critically analyse the contribution of training to employee development and organisational performance.



Prerequisite

Ravi was recently appointed as a faculty member in a prestigious engineering college. Like many educational institutions, the college uses an advanced Learning Management System (LMS) to manage various academic activities such as recording student attendance, scheduling classes, maintaining internal assessment marks, and identifying students who require remedial support. Although Ravi possesses the necessary academic qualifications, he is unfamiliar with the software and several institutional procedures. To help him perform his duties effectively, the college arranges a preparatory programme that familiarises him with the system and work environment.

At the same time, the college plans to improve the performance of its existing faculty members. The management realises that different categories of employees require different types of training. For example, teaching faculty members who primarily deliver classroom lectures may be asked to attend refresher courses conducted by universities or professional bodies to update their subject knowledge. In contrast, laboratory instructors who handle practical sessions may be trained directly at the workplace under the guidance of experienced staff so that they can develop the technical skills required for their duties.

These situations highlight the importance of training in enhancing employee knowledge, skills, and performance. They also demonstrate that organisations may adopt different training methods depending on the nature of the job and the objectives to be achieved. This unit discusses the concept, importance, objectives, approaches, methods, process, and evaluation of training in detail.



Keywords

Training, Skill Development, Traditional Approach, Experimental Approach, Performance-Based Approach, On-the-Job Training, Off-the-Job Training, Job Rotation, Vestibule Training, Training Evaluation, Need Assessment, Training Process



Discussion

4.1.1 Training

Ravi is provided with a preparatory session to increase his knowledge about college software, which will eventually help him effectively manage his academic activities. This preparatory session is a part of training. So, we can say Training is the process of increasing knowledge and skills required to perform a particular job.

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

4.1.2 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.

4.1.3 Objectives of Training

1. What impact training will have on the quality of output?

Quality is the degree of excellence or standard of any product. Production processes carried out by inexperienced employees might lead to deviation from the expected standard. Proper training will help the employee to carry out the task in an error-free manner with the highest conformity to standards, thus enhancing the quality of the output.

2. What relation does training have with employee efficiency?

Efficiency is simply the process of achieving maximum productivity with minimum resources. There is a higher chance of resource wastage if unskilled employees carry out production activities. Proper training provides the employee with the skills and knowledge necessary to perform the job successfully without any wastage.

Attain efficiency. This training enhances both employee's and company's efficiency.

3. Will training help in acquainting the employee with 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. Unfamiliarity with organisational culture will lead to a mismatch between the objectives of the employee and the organisation. The training familiarises the employee with the organisation, its goals, structure, operation, rules, policies, and procedures. Thus, training develops organisational culture among the employees.

4. How does training help an employee in achieving personal growth?

All employees are motivated by the idea of attaining a higher position and the benefits. Training helps an employee acquire new skills and get accustomed to new technology, which will aid the employee in planning and developing their career.

5. Does training reduce the risk of accidents in an organisation?

The college has different labs to support the students' practical coursework. For instance, a machine shop lab has a lathe, drilling, milling machines, etc. This equipment needs to be handled with care as it can cause serious injuries. The faculty and the staff who are in charge of the lab should be properly trained in the workings and repair of the equipment. They should also be directed to the standard dress codes, such as wearing shoes, hair up, etc., that students should follow while inside the lab.

So, adequate training prevents accidents and reduces the risks associated with various jobs. Thus, training contributes to greater safety and health of employees.

6. What effect training has on the overall production cost of the organisation?

Organising training programs will naturally be a costly affair as people and facilities involved in the process need to be compensated. By this concept, you might feel that training programs will increase the overall production cost. But that is not the case. Training programs help improve the efficiency of employees, which results in a reduction of resource wastage and greater quality output. In the long run, the value of these benefits derived from training will be more than the cost incurred for training. So training contributes to a reduction in the cost of production.

7. What role training plays in keeping the employee up to date?

Experienced employees are assets for any organisation. However, some of them might not be acquainted with the new technological advancements in their respective fields. This lack of information and understanding of new technology and resistance to



change from the part of the existing workforce might render them outdated. Training helps employees update their knowledge, absorb the latest technological changes in the organisation and stay relevant at all times.

Now, let us go through a scenario and try to look into different approaches to training in the corporate world.

A company recruits a few sales executives. Sales executives need specific skill sets to influence customers to buy their products. Since these executives are new in the field of sales, the company has resolved to provide training to them. As you know, Training is an act of developing a particular skill or type of behaviour for an employee. So how can the company train them? Is there one specific way of training that is most ideal?

There can be different ways to deal with this. The most ideal approach depends on the outcome that is expected from the training process. It can even be a combination of different methods. In this chapter, we will look into the basic approaches companies have adopted to provide training.

4.1.4 Approaches to Training

There are mainly three approaches to training, they are as follows:

4.1.4.1 Traditional Approach

Consider the scenario where the company wants to provide training to the newly recruited sales executives. Fresh sales executives may not have a good idea of the company's marketing policies. So, it is pivotal to educate them in this regard. The management delegates this task to their Marketing and Sales Managers. The managers choose to conduct a theory session that explains all the basic concepts of the company sales strategy to the recruits. The theory session deals with the following;

Company's Products

Company's Market share

The company's sales process starts with generating a lead and ends with closing the deal.

Importance of working as a team.

Customers' profile and their attitude.

The marketing and sales managers will design the program exclusively with very little interference from the fresh sales executives. This type of training approach is known as the Traditional Approach. So, we can say that in the Traditional Approach, there is an active intervention of the training staff, and the trainees have only a passive role. The training staff solely determines the objectives, contents, and methods of training. Lectures, classroom teaching, etc., are preferred for this approach.

4.1.4.2 Experimental Approach

The sales trainees get an understanding of the basic theoretical concepts relating to sales and marketing through the Traditional Approach. But will it be alone enough to execute the sales process successfully? The sales process is not always confined to the four walls of the company; rather, the majority of the real action happens in the external environment of the company. Theoretical information is merely enough to tackle the situation.

A sales trainee from the Traditional process gets the information regarding how to deal with the customers. However, certain subtle cues from the customer that are necessary to seal the deal can only be picked through real experiences. So, to help the sales trainees face these situations, the experimental training approach is practised.

The experimental approach emphasises providing training in real or simulated situations in which the employees do their work. Here, the employees take an active role, where they learn things by doing. The trainees serve the role of moderators or resource persons.

4.1.4.2 Performance-Based Approach

Certain company need their sales executives to talk with their potential customers over the phone daily. The idea behind this is to generate a new lead and also to identify the hot leads that might get converted to sales soon.

The company will be conducting a training session that equips the sales executives with the qualities to communicate with the customers courteously. But the training program doesn't end there. The trainers monitor the phone conversations of the salespeople with the clients to assess whether they acquired the communication skills as expected. This method of training is known as the Performance-based Approach.

Here, goals are set for the trainees, and the training program's success is determined based on the trainees' performance. The performance is assessed based on the proficiency shown by the training in the task they perform.

4.1.5 Methods of Training

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.

4.1.6 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 the 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. To which field do you think the term coach is most associated with? We can say a coach is someone who provides training in a specific area for achieving a professional goal. A coach helps in unlocking a person's potential to maximise their performance. A coach always insists on learning by doing rather than merely teaching. So coaching is a process where the supervisor coaches to acquire knowledge and skills necessary to carry out their specific tasks. The subordinate learns by performing the functions based on the instructions given by the supervisor.
- b. **Under Study** : A house surgeon who just completed their studies may not be able to do the surgery independently as it is as 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 a competent professional 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** : Let's recollect the term Job Rotation that we learned with an illustration in the previous module. As the name suggests, the process systematically transfers an employee from one job to another so that they get experience in different jobs. The employee learns different tasks by performing them. The main objective of this process is to broaden the expertise of the employee in other aspects of work through experience in various positions of job. Job rotation avoids boredom and truly brings versatility to the employees.
- d. **Vestibule Training** : Consider the case of technical staff who have to deal with tools and machinery as part of their daily work routine. These technical staff need to be trained in the actual workplace to get the right amount of exposure. But what happens if they make some errors during their training program? As the training area and the actual workplace are the same, these errors will be reflected in the actual production process. So, how can this be overcome?

This situation is dealt with through a new training process known as Vestibule training. Vestibule Training is provided in a simulated workplace that is within proximity to the actual production plant. This proximity ensures that the technical staff gets enough exposure to the tools and machinery from the simulated workplace. The hazard of errors occurring in training being added up to the actual production process is eliminated as the simulated setup is different from the actual plant. Vestibule training is also known as 'near-the-job training' because of its attributes.

4.1.6.1 Significance of On-the-Job Training

We will now look at the various benefits that the company and the employee derive from-on-the- Job Training. The significances are expressed in question-and-answer format.

- *How costly is the Job training process?*

The training process is very economical. The employee undergoes training in the actual machine under the guidance of the supervisor and also in the company itself. So, there is no need for additional space, equipment or specialised personnel to organise the training program. As a result, the cost incurred will be considerably less.

- **How thoroughly does the employee grasp the work-related aspects of this method?**

During this training process, the employee observes his superior, follows instructions and performs under supervision. So, the employee learns the fundamental aspects of the work in a methodical manner. Which will provide them with in-depth knowledge in the respective area.

- *How common are the chances for the occurrence of errors or accidents under this method?*

The whole training process is under the strict supervision of competent people, who make sure that the employee performs their tasks within the prescribed rules and regulations set by the company. This will ensure that accidents or errors are kept to a minimum under this training program.

- *What is the period for this type of training?*

A person can grasp anything faster if they experience it. Under this training, the employee learns the task by doing it, not merely by listening to lectures or classes about it. So, the employee gets accustomed to the task pretty quickly.

4.1.6.2 Limitations of On-the-Job Training

Let us discuss some of the difficulties that might arise as a result of the Job Training method.

- **Will training in the presence of coworkers have any adverse impact on the employee?**

Under this method, the employee undergoes training in the company itself. During the training period, it is common for people to make mistakes or be ignorant about certain work-related aspects.

As the Job Training happens in the company, the employee's training regime will be exposed to their coworkers. If the employee makes any silly mistakes inadvertently, they might be prone to be judged by coworkers. This might result in the employee having an adverse psychological state, which will continue to affect their further



progress in work. So, we can say that the training process, if not carefully regulated, can be detrimental to its very cause.

- **Will the employee experience any physical barriers under this training?**

The training process is carried out in the actual work environment, which is prone to noises from the other workstations, interruptions in the form of different tasks that come in the way of the supervisors, disturbances in the form of coworker chatters, etc. These physical barriers are hard to ignore and will adversely affect the concentration of the trainee.

- **Does this training method in any way become unorganised or haphazard?**

The training regime is fully organised and under the complete control of the supervisor. The trainee will not be overlooked by anyone other than his/her supervisor. So, if the supervisor is not competent enough or is unmotivated sufficiently to provide training, then the trainee will suffer, and the whole training process becomes futile.

- **Is there any chance the training program incites monetary repercussions on the company?**

In this training, the trainee is directly exposed to a real work environment where they get a chance to work on the company's machines and processes. Although the trainee is under constant supervision, it is hard to rule out any mishaps due to negligence. These misadventures of the trainee can cause serious damage to the machines and prove to be costly for the company.

4.1.7 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:

- a. 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.

- b. **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.

4.1.8 Training Evaluation

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.

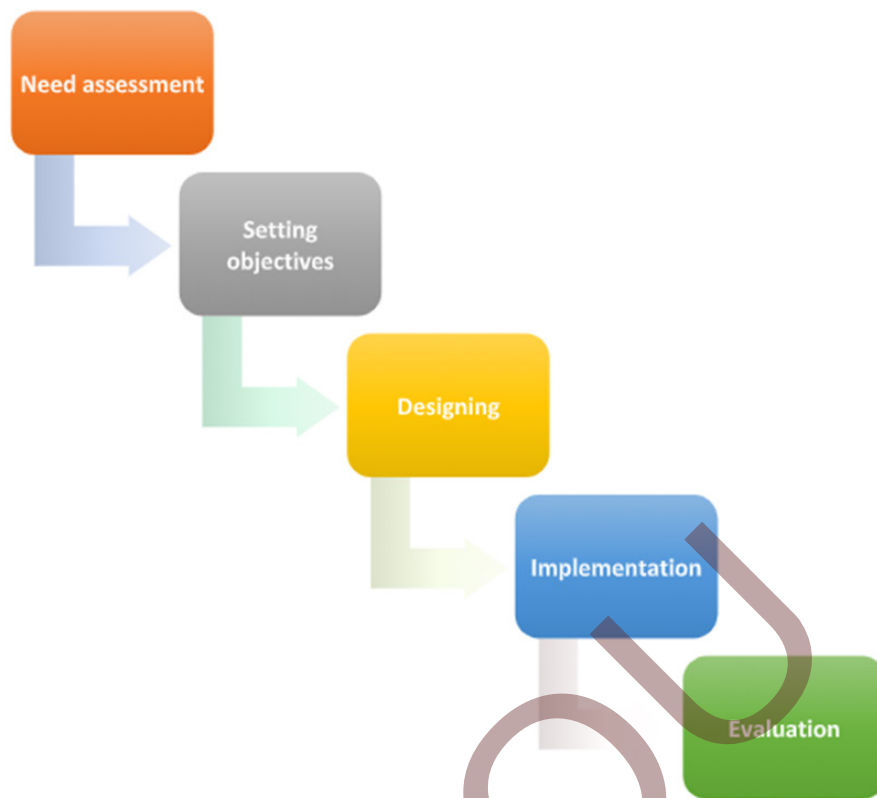


Figure 4.1.1 Training Process

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:

- 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.

4.1.9 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.

4.1.10 Training Evaluation Methods

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

- 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.

4.1.11 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?*

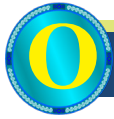
Evaluation of training measures the effectiveness of the process. If the training process is not up to mark, it can be identified through assessment. This information conveyed as feedback to the organisers of the training program will prompt them to identify and eliminate the weaknesses in the process.



Recap

- ◇ Training is the process of enhancing employee knowledge and skills required for performing a specific job.
- ◇ Training helps new employees adapt to organisational requirements and enables existing employees to keep pace with technological and environmental changes.
- ◇ Major objectives of training include improving quality, efficiency, productivity, safety, organisational culture, and employee development.
- ◇ The three major approaches to training are Traditional, Experimental, and Performance-Based Approaches.
- ◇ Training methods are broadly classified into On-the-Job Training and Off-the-Job Training.
- ◇ Common On-the-Job Training methods include Coaching, Understudy, Job Rotation, and Vestibule Training.
- ◇ Common Off-the-Job Training methods include Special Courses, Conferences, Case Studies, Seminars, Role Playing, Sensitivity Training, Lectures, Audio Visuals, and Simulation.
- ◇ The training process consists of Need Assessment, Setting Objectives, Designing, Implementation, and Evaluation.
- ◇ Training Evaluation is the systematic assessment of the effectiveness of training programmes.
- ◇ Evaluation methods include Observation, Questionnaire, Interview, Self-Appraisal, Trainer Opinion, and Cost-Benefit Analysis.





Objective Questions

1. What is training in Human Resource Management?
2. Which approach to training gives trainees an active role in learning through experience?
3. Which training approach evaluates success based on employee performance after training?
4. What is training provided at the actual workplace called?
5. Which On-the-Job Training method involves learning by assisting a superior?
6. Which training method provides learning in a simulated work environment near the actual workplace?
7. What is the first step in the training process?
8. Which step in the training process involves setting SMART objectives?
9. What is the systematic assessment of training effectiveness called?
10. Which training evaluation method compares training costs with organisational benefits?



Answers

1. The process of increasing the knowledge and skills required to perform a particular job.
2. Experimental Approach.
3. Performance-Based Approach.
4. On-the-Job Training.
5. Understudy.
6. Vestibule Training.
7. Need Assessment.
8. Setting Objectives.

9. Training Evaluation.
10. Cost-Benefit Analysis.



Self-Assessment Questions

1. Explain the concept, need, and objectives of training in organisations.
2. Examine the various approaches to training and their relevance in employee development.
3. Discuss the On-the-Job and Off-the-Job methods of training with suitable examples.
4. Analyse the stages involved in the training process and explain their significance.
5. Evaluate the various methods used for assessing the effectiveness of training programmes.
6. Critically examine the contribution of training to employee performance and organisational effectiveness.



Assignments

1. Interview an employee or manager and identify the training programmes conducted in their organisation. Prepare a brief report on their objectives and benefits.
2. Select an organisation known to you and analyse whether it relies more on On-the-Job or Off-the-Job Training methods. Justify your observations.
3. Examine a recent technological or organisational change and discuss how training can help employees adapt successfully.
4. Prepare a comparative chart showing the differences between Traditional, Experimental, and Performance-Based Approaches to Training.
5. Study any training programme conducted in an educational institution, business organisation, or public sector organisation and evaluate its effectiveness using suitable evaluation methods.





Reference

1. Aswathappa, K. (2023). *Human Resource Management: Text and Cases*. McGraw Hill Education, New Delhi.
2. Prasad, L.M. (2022). *Human Resource Management*. Sultan Chand & Sons, New Delhi.
3. Gupta, C.B. (2023). *Human Resource Management*. Sultan Chand & Sons, New Delhi.
4. Dessler, G. (2020). *Human Resource Management*. Pearson Education.
5. Subba Rao, P. (2023). *Personnel and Human Resource Management*. Himalaya Publishing House, Mumbai.



Suggested Reading

1. Armstrong, M. (2023). *Armstrong's Handbook of Human Resource Management Practice*. Kogan Page.
2. Noe, R.A. (2023). *Employee Training and Development*. McGraw Hill Education.
3. Mondy, R.W., & Martocchio, J.J. (2021). *Human Resource Management*. Pearson Education.
4. Decenzo, D.A., Robbins, S.P., & Verhulst, S.L. (2021). *Fundamentals of Human Resource Management*. Wiley.
5. Blanchard, P.N., & Thacker, J.W. (2023). *Effective Training: Systems, Strategies, and Practices*. Pearson Education.

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
- ◇ familiarise the Principles of Management Development
- ◇ aware of different methods of Management Development



Prerequisite

Did you ever notice the changes and developments that have taken place in your home town within 10 years?

There are a lot of changes and developments going on around us.

New roads, bridges, buildings and so on are being upgraded, and new technologies are being invented. Human beings are also subject to changes and developments. Developments are also taken place in human beings. Change in culture, attitude, values, skills etc. are part of individual development. We can say that development is a form of change with a specific direction and progress.



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

4.2.1 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.”

4.2.2 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.

4.2.3 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.

4.2.4 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.

4.2.5: Process of Management Development

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.

4.2.6 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

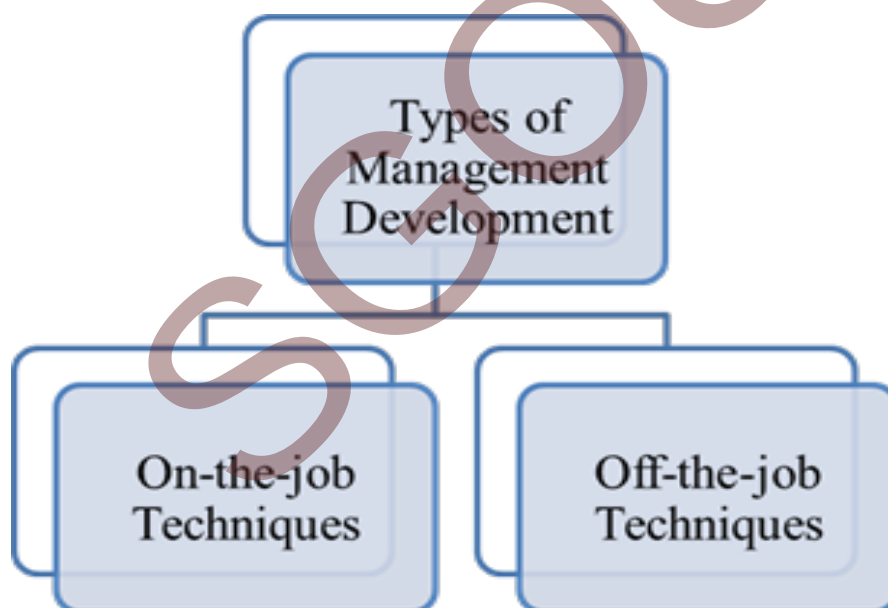


Figure 4.2.1 Types of Management Development

4.2.6.1 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.

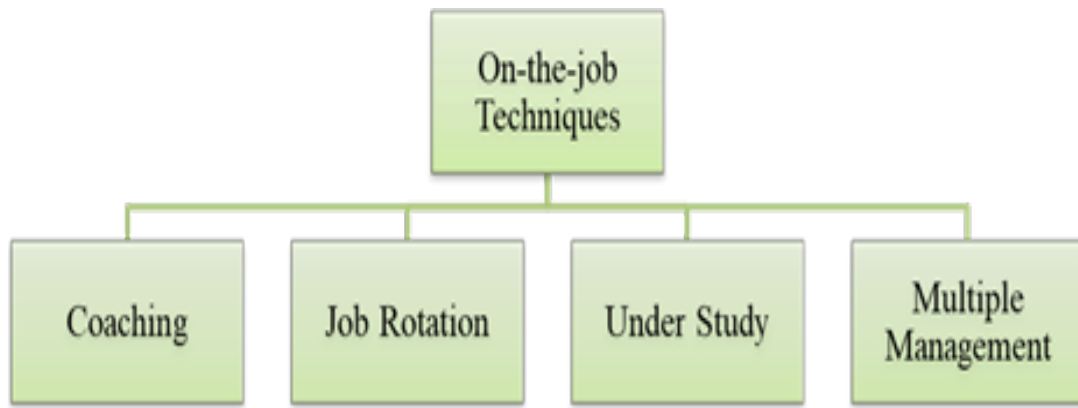


Figure 4.2.2 On-the-Job Techniques

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.

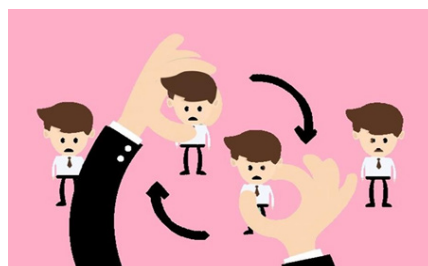


Figure 4.2.3 Job rotation:
Employees shift from one job role to another to familiarize themselves with all the verticals of an organisation.

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.

4.2.6.2 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.

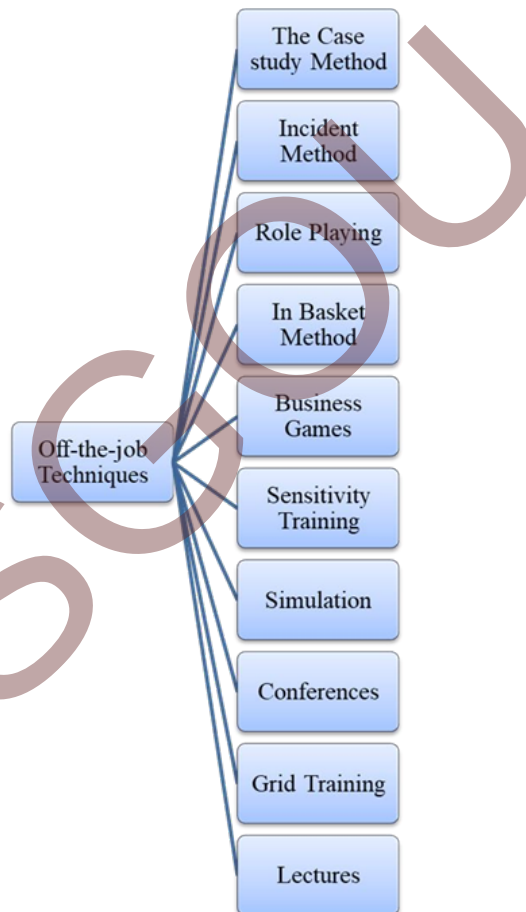


Figure 4.2.4 Off-the-job techniques include the case method, incident method, role-playing, in-basket method, business games, sensitivity training, simulation, conferences, grid training and lectures.

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

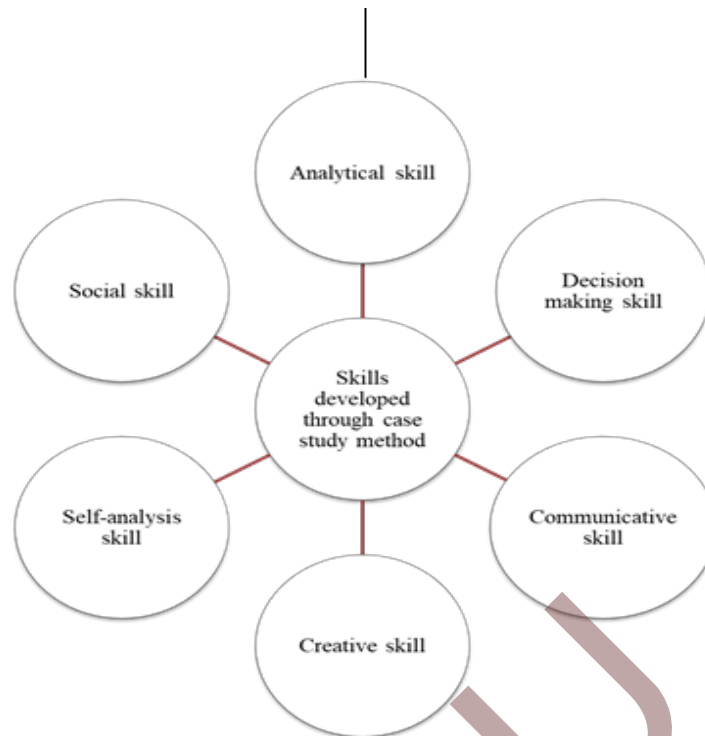


Figure 4.2.5 Skills developed through the case study method involve analytical skills, decision-making skills, communication skills, creative skills, self-analysis skills and social skills.

- **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. Roleplaying

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.

Following 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 how 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.

Figure 4.2.6 Role-playing scenario- conversation between a customer and a mobile phone representative

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.

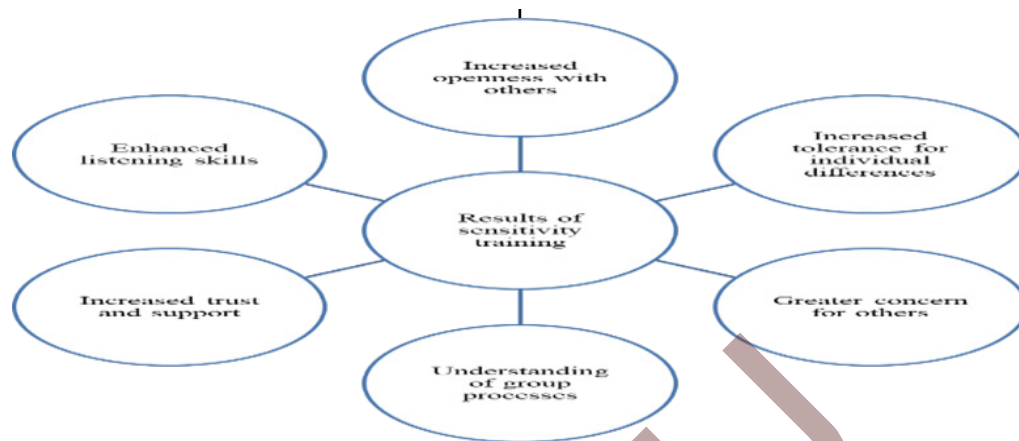


Figure 4.2.7 Results of sensitivity training

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.

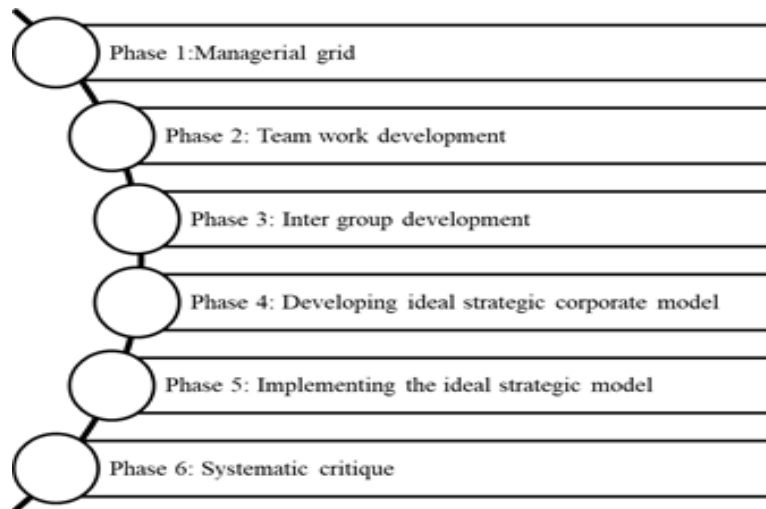


Figure 4.2.8 Six phases of grid training

- **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.

4.2.7: Training v/s 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:

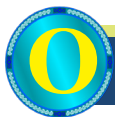
Table 4.2.1 Difference between Training and Development

Aspect	Training	Development
Purpose	Helps employees refine their skills to excel in their current role.	Nurtures employees for today and for future opportunities.
Scope	Narrow, current, and job-specific, immediate needs	Broad, holistic, long-term career growth
Duration	Short-term learning activity	Long-term process
Focus	Specific skills 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: preparing managers for better performance, educational process, continuous and systematic process, includes both theoretical sessions and practical applications, aims at the behavioural change and skill developments
- ◇ Objectives: develop the thought process and analytical skills, study and analyse the problems of HR, develop creative thinking, maintain morale, create healthy competition, provide a better work environment, identify the potential of each manager
- ◇ Principles: evaluate the development needs of managers, integrate career planning and career development process with the Management development activities, encourage managers to undergo managerial training, content should be based on the development needs of the managers, etc.
- ◇ 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. 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 for employee 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



Assignments

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

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



Suggested Reading

1. Armstrong, M. (2023). *Armstrong's Handbook of Human Resource Management Practice*. Kogan Page.
2. Noe, R.A. (2023). *Employee Training and Development*. McGraw Hill Education.
3. Mondy, R.W., & Martocchio, J.J. (2021). *Human Resource Management*. Pearson Education.
4. Decenzo, D.A., Robbins, S.P., & Verhulst, S.L. (2021). *Fundamentals of Human Resource Management*. Wiley.
5. Blanchard, P.N., & Thacker, J.W. (2023). *Effective Training: Systems, Strategies, and Practices*. Pearson Education.





BLOCK - 05

Performance Appraisal and Compensation

Unit - 1

Performance Appraisal



Learning Outcomes

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

- ◇ analyse the concept, objectives, and significance of performance appraisal in organisations.
- ◇ evaluate the various methods of performance appraisal and their suitability in different organisational contexts.
- ◇ assess the process and challenges associated with effective performance appraisal systems.
- ◇ examine the concept, objectives, and features of career planning in organisations.
- ◇ analyse the methods and processes of career planning and their role in employee development and organisational success.



Prerequisite

Imagine two employees working in the same organisation. One employee consistently performs well and exceeds organisational expectations, while the other struggles to achieve the required standards. At the same time, both employees aspire to grow professionally and secure better positions in the future. How can the organisation identify individual performance levels, reward deserving employees, and help them plan their future careers?

Organisations address these concerns through performance appraisal and career planning. Performance appraisal enables management to systematically evaluate employee performance, identify strengths and weaknesses, and make decisions regarding training, promotion, rewards, and development. Career planning, on the other hand, helps employees understand their career aspirations and align them with organisational opportunities and goals. Together, these practices contribute to employee growth, motivation, and organisational effectiveness.





Keywords

Performance Appraisal, Performance Standards, Ranking Method, Management by Objectives (MBO), 360-Degree Appraisal, Behaviourally Anchored Rating Scale (BARS), Career Planning, Career Counselling, Individual Assessment, Organisational Assessment, Personal Development Plan (PDP), Career Development



Discussion

5.1.1. Performance Appraisal

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 5.1.1 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.

5.1.2 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.

5.1.3 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.

5.1.4 Needs for 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

5.1.5 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.

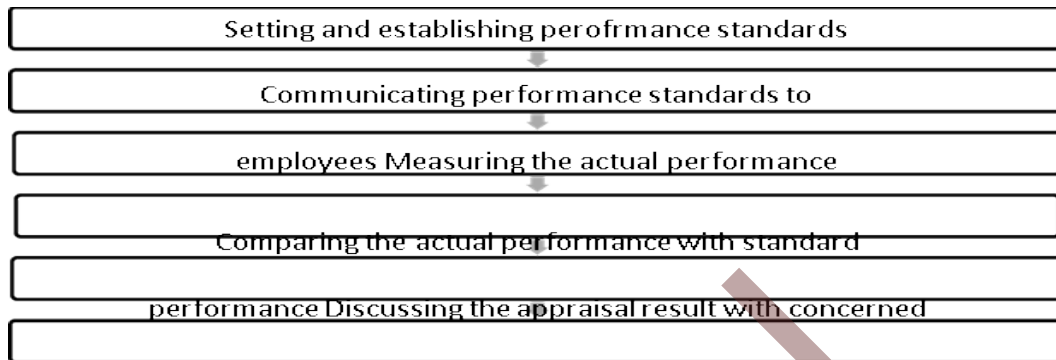


Figure 5.1.2 Process of Performance Appraisal

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 likewise 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 performance**

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 result with the concerned employee**

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.

5.1.6 **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.

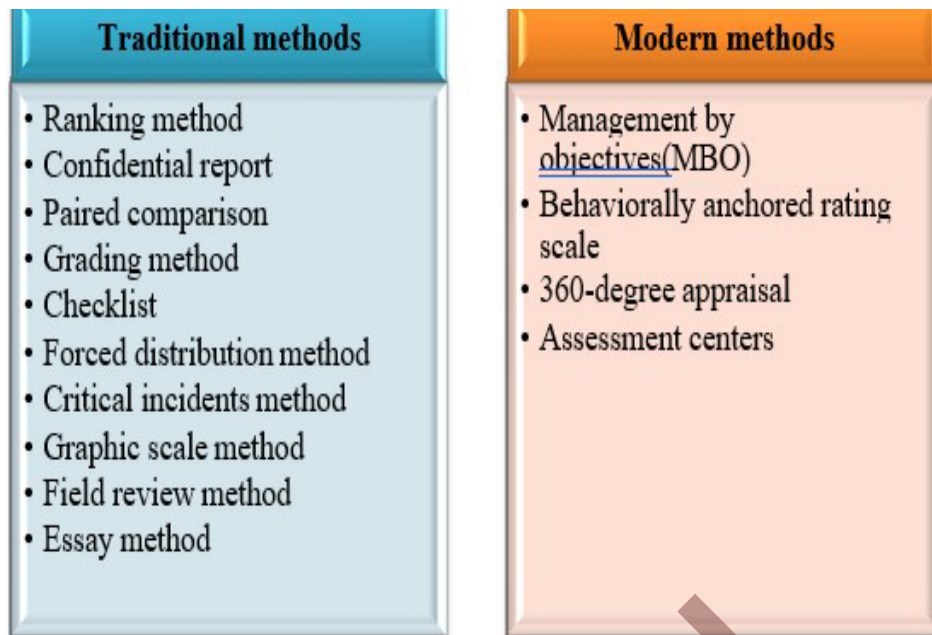


Figure 5.1.3 Methods of Performance Appraisal

5.1.6.1 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 5.1.4 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.

5.1.6.2 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

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.

5.1.7 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 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.



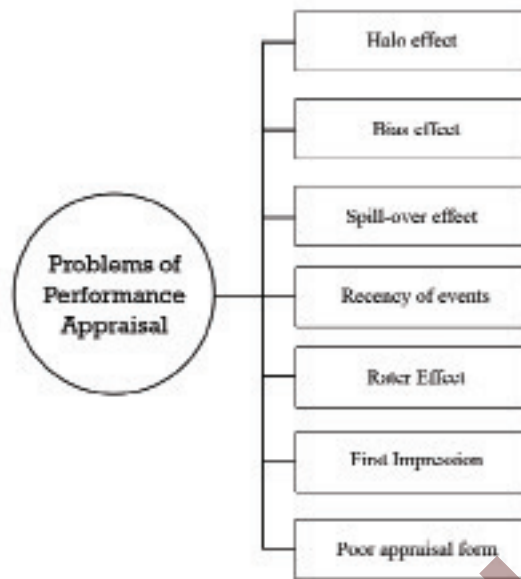


Figure 5.1.5 Problems of Performance Appraisal

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.

5.1.8 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 assist 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.

5.1.9 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.

5.1.10 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



5.1.11 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.

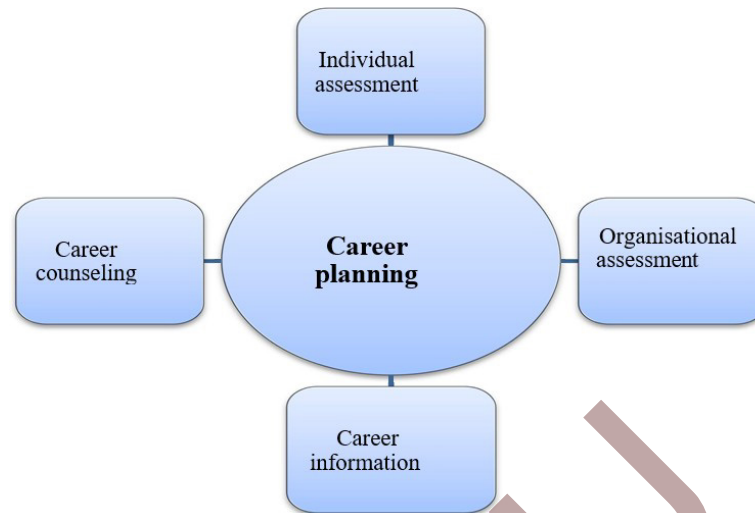


Figure 5.1.6 Elements of Career Planning

5.1.11.1 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.

5.1.11.2 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.

5.1.11.3 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.

5.1.11.4 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

5.1.12 Steps in Career Planning

The important steps involved in career planning are;

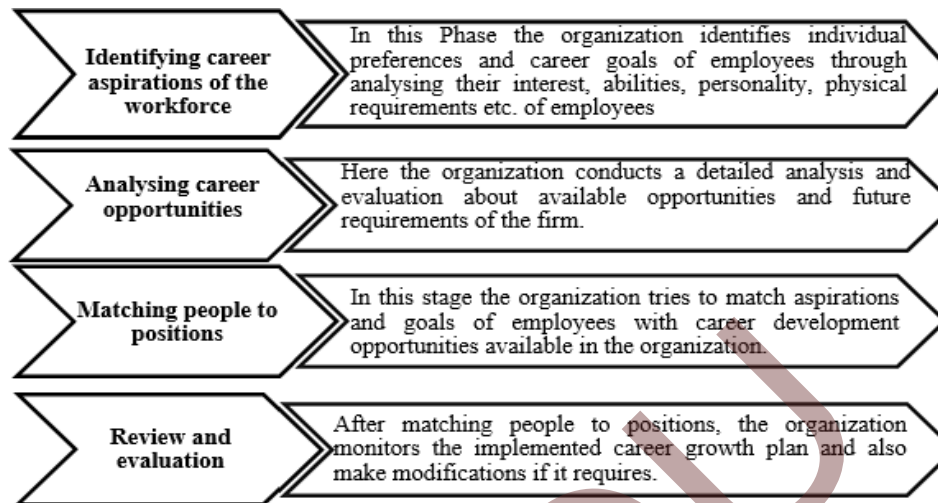


Figure 5.1.7 Career planning process

5.1.13 Methods of Career Planning and Development

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

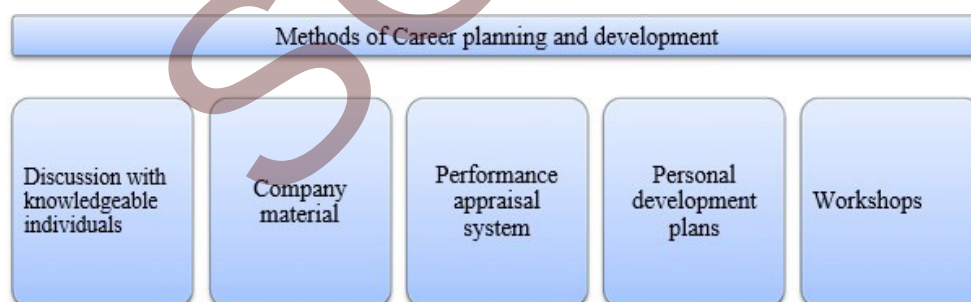


Figure 5.1.8 Methods of career planning and development

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

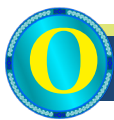
In this method, the experts and experienced persons share their experiences and discuss the career opportunities that help the employees understand the opportunities available for career growth within the organization.



Recap

- ◇ Performance appraisal is a systematic and periodic evaluation of employee performance.
- ◇ Performance appraisal helps organisations assess employee strengths, weaknesses, training needs, and suitability for promotion and rewards.
- ◇ The process of performance appraisal includes setting standards, communicating standards, measuring performance, comparing results, discussing outcomes, and taking corrective actions.
- ◇ Performance appraisal methods are broadly classified into traditional and modern methods.
- ◇ Traditional methods include ranking, grading, checklist, confidential reports, paired comparison, graphic rating scales, and essay methods.
- ◇ Modern methods include Management by Objectives (MBO), Behaviourally Anchored Rating Scale (BARS), 360-Degree Appraisal, and Assessment Centres.
- ◇ Performance appraisal may be affected by problems such as halo effect, bias, spill-over effect, recency effect, and rater errors.
- ◇ Career planning is a continuous process of identifying career goals and developing strategies to achieve them.
- ◇ Career planning aligns employee aspirations with organisational opportunities and requirements.
- ◇ Individual assessment, organisational assessment, career information, and career counselling are important elements of career planning.
- ◇ Methods of career planning and development include discussions with knowledgeable individuals, company materials, performance appraisal systems, personal development plans, and workshops.
- ◇ Effective career planning improves employee motivation, career growth, retention, and organisational effectiveness.





Objective Questions

1. What is performance appraisal?
2. Which step in the performance appraisal process involves comparing actual performance with predetermined standards?
3. Which traditional appraisal method ranks employees from highest to lowest performance?
4. Who introduced the concept of Management by Objectives (MBO)?
5. Which modern appraisal method collects feedback from superiors, peers, subordinates, and others?
6. What is the halo effect in performance appraisal?
7. What is career planning?
8. Which element of career planning focuses on analysing an employee's abilities, interests, and aspirations?
9. What is the process of advising and guiding employees regarding career opportunities called?
10. Which method of career planning encourages employees to prepare their own development plans for future growth?



Answers

1. A systematic evaluation of employee performance.
2. Comparing actual performance with standard performance.
3. Ranking Method.
4. Peter Drucker.
5. 360-Degree Appraisal.
6. Evaluating overall performance based on a single trait.
7. A continuous process of developing and implementing career strategies.
8. Individual Assessment.
9. Career Counselling.
10. Personal Development Plan (PDP).



Self-Assessment Questions

1. Explain the concept, objectives, and significance of performance appraisal in organisations.
2. Discuss the process of performance appraisal and explain its role in improving employee performance.
3. Examine the traditional and modern methods of performance appraisal with suitable examples.
4. Analyse the major problems associated with performance appraisal and suggest measures to overcome them.
5. Explain the concept, objectives, and features of career planning in organisations.
6. Discuss the major elements and methods of career planning and development.



Assignments

1. Interview a manager or supervisor and identify the performance appraisal methods used in the organisation. Prepare a brief report on their effectiveness.
2. Collect information from employees working in different organisations and analyse how performance appraisal influences promotion, training, and career development decisions.
3. Prepare a comparative chart showing the differences between traditional and modern methods of performance appraisal.
4. Examine the career development initiatives adopted by any organisation and evaluate their contribution to employee growth and retention.
5. Prepare a personal career development plan by identifying your strengths, weaknesses, career aspirations, and developmental requirements.





Reference

1. Gupta, C.B. (2023). *Human Resource Management*. Sultan Chand & Sons, New Delhi.
2. Subba Rao, P. (2023). *Personnel and Human Resource Management*. Himalaya Publishing House, Mumbai.
3. Aswathappa, K. (2023). *Human Resource Management: Text and Cases*. McGraw Hill Education, New Delhi.
4. Dessler, G. (2020). *Human Resource Management*. Pearson Education.
5. Prasad, L.M. (2022). *Human Resource Management*. Sultan Chand & Sons, New Delhi.



Suggested Reading

1. Armstrong, M. (2023). *Armstrong's Handbook of Human Resource Management Practice*. Kogan Page.
2. Noe, R.A., Hollenbeck, J.R., Gerhart, B., & Wright, P.M. (2023). *Human Resource Management: Gaining a Competitive Advantage*. McGraw Hill Education.
3. Mondy, R.W., & Martocchio, J.J. (2021). *Human Resource Management*. Pearson Education.
4. Decenzo, D.A., Robbins, S.P., & Verhulst, S.L. (2021). *Fundamentals of Human Resource Management*. Wiley.
5. Ivancevich, J.M. (2022). *Human Resource Management*. McGraw Hill Education.

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 and objectives of Compensation Management
- ◇ get an awareness on the components of Compensation Management
- ◇ familiarise the methods of Compensation Management



Prerequisite

Compensation management can be understood through the example of a shopkeeper and their assistant. Imagine a shopkeeper hires an assistant to help with daily tasks like stocking shelves, serving customers, and maintaining the shop. In return for the assistant's work, the shopkeeper agrees to pay them a fair amount regularly. If the shopkeeper offers competitive pay, timely bonuses, or rewards for good performance, the assistant feels motivated, works harder, and stays loyal to the shop. On the other hand, if the compensation is inadequate or unfair, the assistant may lose interest, reduce effort, or leave for a better opportunity. Similarly, in an organisation, compensation management involves designing and managing wages, salaries, bonuses, and benefits to ensure employees feel valued and motivated. A well-structured compensation system attracts talent, retains employees, and drives productivity, benefiting both the individual and the organisation.



Keywords

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





Discussion

5.2.1 Compensation to Employees

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 recruit qualified employees, increase or maintain morale/satisfaction, achieve internal and external equity, reduce employee turnover and encourage company loyalty.

5.2.2 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

5.2.3 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

5.2.4 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

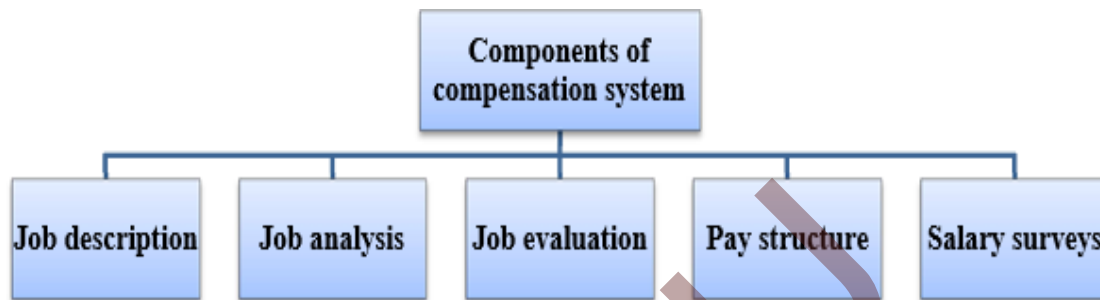


Figure 5.2.1 Components of compensation system

- ◇ **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.

5.2.5 Methods of Compensation Management

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

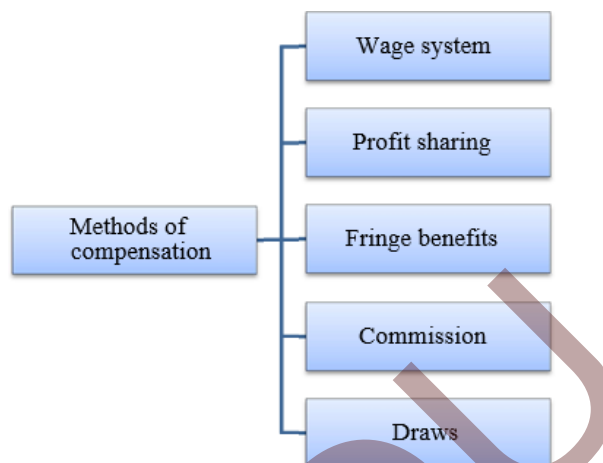


Figure 5.2.2 Methods of compensation

5.2.5.1 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 wages system:

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.

5.2.5.2 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.

5.2.5.3 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.

5.2.5.4 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.



5.2.5.5 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.

5.2.6 Incentive Wage

Imagine two sales executives working in the same company. Both receive the same basic salary. However, one executive consistently exceeds the sales target and brings more customers to the company. If both employees receive the same remuneration irrespective of their performance, the high-performing employee may gradually lose motivation. To encourage employees to perform better, organisations provide additional rewards linked to performance. Such additional payments are known as incentive wages.

Incentive wage is a form of compensation paid to employees in addition to their regular wages or salaries for achieving predetermined standards of performance. It aims to motivate employees to improve productivity, efficiency, quality, and organisational performance.

According to Edwin B. Flippo, incentive wage may be defined as a reward provided to employees over and above their regular wages for achieving higher levels of performance.

5.2.6.1 Objectives of Incentive Wage

The major objectives of incentive wage are:

- ◇ To motivate employees to improve their performance.
- ◇ To increase productivity and operational efficiency.
- ◇ To encourage employees to achieve organisational goals.
- ◇ To reward employees for outstanding performance.
- ◇ To reduce absenteeism and labour turnover.
- ◇ To create a positive work environment and improve employee morale.

5.2.6.2 Features of Incentive Wage

The important features of incentive wage are:

- ◇ It is paid in addition to regular wages or salaries.
- ◇ It is directly linked to employee performance.
- ◇ It encourages higher productivity and efficiency.
- ◇ It may be provided to individuals or groups.
- ◇ It serves as a motivational tool for employees.

5.2.6.3 Types of Incentive Wage

1. Financial Incentives

Financial incentives involve monetary rewards provided to employees for achieving desired performance levels.

Examples include:

- ◇ Bonus
- ◇ Commission
- ◇ Profit-sharing payments
- ◇ Productivity incentives
- ◇ Performance-linked pay

2. Non-Financial Incentives

Non-financial incentives refer to rewards that do not involve direct monetary benefits but improve employee motivation and satisfaction.

Examples include:

- ◇ Recognition and appreciation
- ◇ Certificates and awards
- ◇ Promotion opportunities
- ◇ Greater responsibility
- ◇ Career development opportunities

5.2.6.4 Advantages of Incentive Wage

The major advantages of incentive wage are:

- ◇ Increases employee motivation and job satisfaction.
- ◇ Improves productivity and efficiency.
- ◇ Encourages employees to utilise their abilities effectively.
- ◇ Helps organisations achieve higher output and profitability.
- ◇ Promotes healthy competition among employees.
- ◇ Reduces employee absenteeism and labour turnover.

5.2.6.5 Limitations of Incentive Wage

Despite its advantages, incentive wage may have certain limitations:

- ◇ Employees may focus more on quantity than quality.
- ◇ Excessive competition may affect teamwork.
- ◇ Difficulties may arise in measuring performance accurately.
- ◇ Employees may feel dissatisfied if incentive schemes are perceived as unfair.

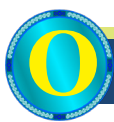
5.2.6.6 Significance of Incentive Wage

Incentive wage is an important component of modern compensation management. It links employee effort with organisational rewards and creates a performance-oriented work culture. By rewarding employees for higher productivity and better performance, organisations can improve employee commitment, efficiency, and overall organisational effectiveness.



Recap

- ◇ Compensation: Compensation is a systematic approach to providing monetary value to employees in exchange for work performed
- ◇ Characteristics of compensation: systematic tool, unavoidable and inseparable part of human resource management, it is a motivating factor, etc.
- ◇ Objectives create a systematic reward system, attract human resources, motivation, analyze employee performance in monetary terms, etc.
- ◇ Components of compensation management: job description, job analysis, job evaluation, pay structure, salary surveys
- ◇ Methods of compensation management: wage system, profit sharing, fringe benefits, commission, draw.
- ◇ Wage: earnings of employees whose pay is calculated on an hourly basis
- ◇ Salary: earnings of employees whose pay is calculated weekly, semi-monthly or monthly.
- ◇ Methods of wage payment system: time rate system, piece-rate system, 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 compensation plan?
4. What are the factors deciding compensation of 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.



Reference

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



Suggested Reading

1. Armstrong, M. (2023). *Armstrong's Handbook of Human Resource Management Practice*. Kogan Page.
2. Noe, R.A., Hollenbeck, J.R., Gerhart, B., & Wright, P.M. (2023). *Human Resource Management: Gaining a Competitive Advantage*. McGraw Hill Education.
3. Mondy, R.W., & Martocchio, J.J. (2021). *Human Resource Management*. Pearson Education.
4. Decenzo, D.A., Robbins, S.P., & Verhulst, S.L. (2021). *Fundamentals of Human Resource Management*. Wiley.
5. Ivancevich, J.M. (2022). *Human Resource Management*. McGraw Hill Education.





BLOCK - 06

Grievance Redressal and Development Initiative

Unit - 1

Grievance Redressal



Learning Outcomes

Upon the completion of this unit the learner will be able to;

- ◇ analyse the concept and causes of employee grievances in organisational settings
- ◇ evaluate various methods used by organisations to identify and understand employee grievances.
- ◇ examine the stages involved in the grievance redressal procedure
- ◇ assess the effectiveness of different approaches to grievance redressal in maintaining industrial harmony
- ◇ critically analyse the role of grievance management in improving employee satisfaction and organisational effectiveness



Prerequisite

Imagine that you have been working in an organisation for several years and suddenly discover that another employee performing similar work receives better pay and benefits. Naturally, you may feel dissatisfied and believe that you have been treated unfairly. If such feelings remain unresolved, they may affect your motivation, productivity, and relationship with the organisation. Therefore, organisations need effective mechanisms to identify employee dissatisfaction, understand its causes, and resolve grievances in a fair and systematic manner. Grievance redressal helps maintain healthy employee relations and promotes a positive work environment. This unit introduces the concept, causes, methods of understanding grievances, grievance handling procedures, and approaches to grievance redressal.





Keywords

Grievance, Complaint, Industrial Grievance, Grievance Redressal, Observation Method, Gripe Box, Open Door Policy, Exit Interview, Opinion Survey, Grievance Committee, Arbitration, Employee Dissatisfaction



Discussion

6.1.1 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.

6.1.2 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.
- ◇ *Work environment*: Here, the employee feels dissatisfaction about the working conditions provided by the organisation. It 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.

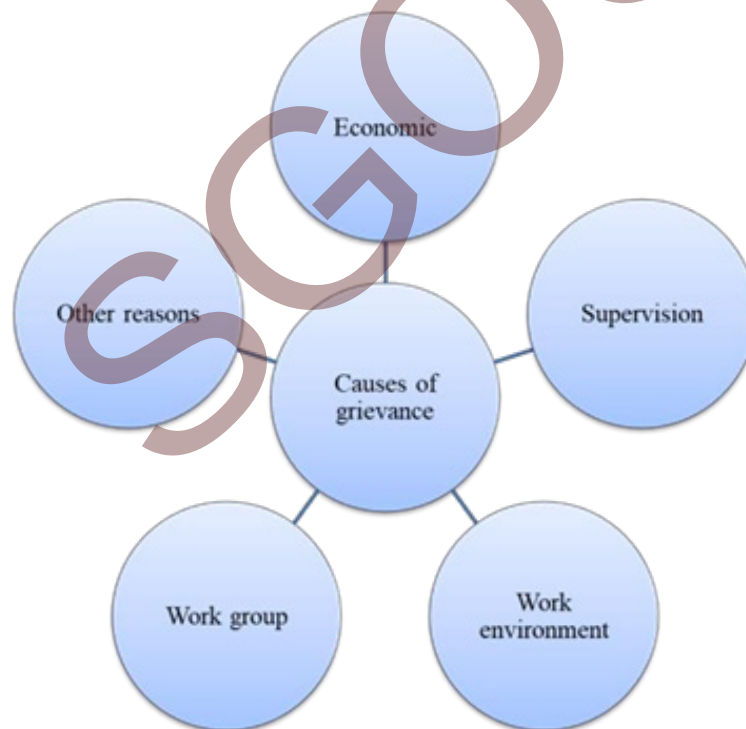


Figure 6.1.1: Cause of grievance

6.1.3 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.

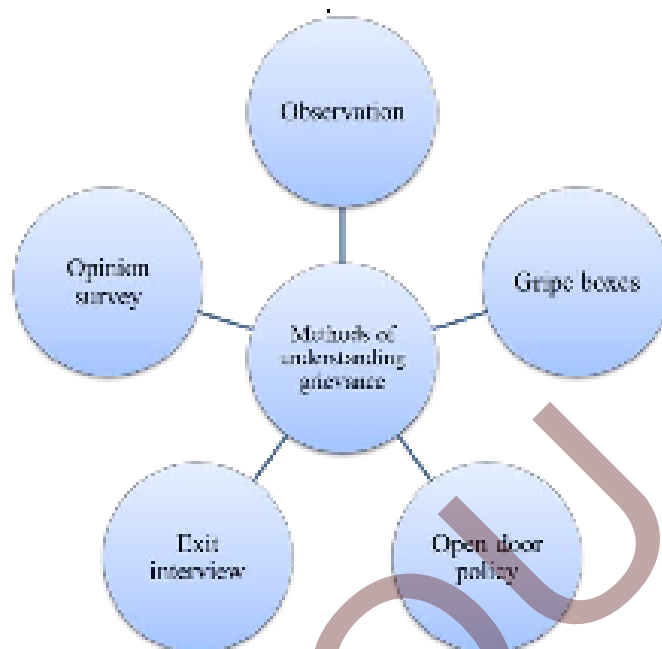


Figure 6.1.2: Method of Understanding Grievance

6.1.3.1 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.

6.1.3.2 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.

6.1.3.3 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.

6.1.3.4 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.

6.1.3.5 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.

6.1.4 The procedure of grievance redressal

Solving grievances is a systematic process. So, 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 6.1.3: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.

6.1.5 Approaches to Grievance Redressal

Organisations adopt different approaches to address and resolve employee grievances. The choice of approach depends on the nature of the grievance, organisational culture, and the seriousness of the issue. Effective grievance redressal not only resolves employee dissatisfaction but also promotes harmonious industrial relations and employee morale.

1. Informal Approach

Under the informal approach, the employee directly discusses the grievance with the immediate supervisor or manager. The issue is resolved through open communication, mutual understanding, and discussion without following a formal procedure. This approach is suitable for minor grievances and helps in obtaining quick solutions.

Advantages:

- ◇ Quick and simple process.
- ◇ Promotes healthy communication.
- ◇ Prevents minor issues from escalating.

2. Formal Approach

When a grievance cannot be resolved informally, a formal grievance procedure is adopted. The employee submits the grievance in writing, and it is addressed through a structured process involving supervisors, higher management, grievance committees, and, if necessary, arbitration. This approach ensures fairness, transparency, and proper documentation.

Advantages:

- ◇ Ensures systematic handling of grievances.
- ◇ Provides equal opportunity for all parties to present their views.
- ◇ Creates official records for future reference.

3. Preventive Approach

The preventive approach focuses on eliminating the causes of grievances before they arise. Organizations adopt measures such as fair wage policies, effective communication, employee participation, welfare programmes, safe working conditions, and proper supervision to reduce the likelihood of grievances.

Advantages:

- ◇ Minimizes employee dissatisfaction.
- ◇ Improves employee morale and trust.
- ◇ Reduces the occurrence of industrial disputes.

4. Participative Approach

In this approach, employees are encouraged to participate in decision-making processes affecting their work. Employee involvement through suggestion schemes, joint consultative committees, and grievance committees helps identify and resolve issues collaboratively.



Advantages:

- ◇ Promotes cooperation between employees and management.
- ◇ Enhances employee commitment and satisfaction.
- ◇ Improves the quality of decisions.

5. Third-Party Intervention Approach

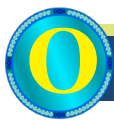
When grievances remain unresolved through internal mechanisms, a neutral third party may be involved. This may take the form of mediation, conciliation, or arbitration. The third party assists both management and employees in arriving at a mutually acceptable solution.

Advantages:

- ◇ Helps resolve complex disputes impartially.
- ◇ Reduces tension between parties.
- ◇ Encourages fair and objective decisions.

**Recap**

- ◇ A grievance refers to employee dissatisfaction arising out of job-related issues.
- ◇ Grievances may result from economic, supervisory, work environment, workgroup, and other organizational factors.
- ◇ Employee grievances affect morale, productivity, efficiency, and organizational harmony.
- ◇ Organizations use methods such as observation, gripe boxes, open door policy, exit interviews, and opinion surveys to understand employee grievances.
- ◇ Grievance redressal follows a systematic procedure involving supervisors, higher-level managers, grievance committees, management, and arbitration.
- ◇ Effective grievance handling promotes employee satisfaction and healthy industrial relations.
- ◇ Grievance redressal may be approached through informal, formal, preventive, participative, and third-party intervention methods.
- ◇ Proper grievance management reduces conflicts and contributes to organizational effectiveness.



Objective Questions

1. What is a grievance?
2. Which factor relates to dissatisfaction arising from wages, bonuses, and overtime payments?
3. Which method allows employees to report grievances anonymously?
4. What is the policy that allows employees to directly discuss grievances with management?
5. Which method gathers information from employees who are leaving the organization?
6. Which body generally includes employee representatives, union representatives, and management representatives for grievance settlement?
7. What is the final stage in the grievance redressal procedure when all other stages fail?
8. Which approach aims to prevent grievances before they occur?
9. Which approach encourages employee participation in resolving workplace issues?
10. What is the primary objective of grievance redressal?



Answers

1. A job-related feeling of dissatisfaction expressed by an employee.
2. Economic factor.
3. Gripe Box.
4. Open Door Policy.
5. Exit Interview.
6. Grievance Committee.
7. Arbitration.
8. Preventive Approach.
9. Participative Approach.
10. To resolve employee dissatisfaction and maintain harmonious industrial relations.





Self-Assessment Questions

1. Explain the meaning, characteristics, and causes of employee grievances.
2. Discuss the various methods used by organizations to identify and understand employee grievances.
3. Explain the grievance redressal procedure with suitable illustrations.
4. Analyse the role of grievance committees and arbitration in resolving employee grievances.
5. Evaluate the different approaches to grievance redressal adopted by organisations.
6. Examine the significance of effective grievance management in maintaining industrial peace and employee satisfaction.



Assignment

1. Explain the meaning, characteristics, and causes of employee grievances.
2. Discuss the various methods used by organizations to identify and understand employee grievances.
3. Explain the grievance redressal procedure with suitable illustrations.
4. Analyse the role of grievance committees and arbitration in resolving employee grievances.
5. Evaluate the different approaches to grievance redressal adopted by organizations.
6. Examine the significance of effective grievance management in maintaining industrial peace and employee satisfaction.



References

1. Gupta, C.B. (2023). *Human Resource Management*. Sultan Chand & Sons, New Delhi.
2. Subba Rao, P. (2023). *Personnel and Human Resource Management*. Himalaya Publishing House, Mumbai.
3. Aswathappa, K. (2023). *Human Resource Management: Text and Cases*. McGraw Hill Education, New Delhi.
4. Prasad, L.M. (2022). *Human Resource Management*. Sultan Chand & Sons, New Delhi.
5. Dessler, G. (2020). *Human Resource Management*. Pearson Education.



Suggested Reading

1. Armstrong, M. (2023). *Armstrong's Handbook of Human Resource Management Practice*. Kogan Page.
2. Noe, R.A., Hollenbeck, J.R., Gerhart, B., & Wright, P.M. (2023). *Human Resource Management: Gaining a Competitive Advantage*. McGraw Hill Education.
3. Mondy, R.W., & Martocchio, J.J. (2021). *Human Resource Management*. Pearson Education.
4. Decenzo, D.A., Robbins, S.P., & Verhulst, S.L. (2021). *Fundamentals of Human Resource Management*. Wiley.
5. Ivancevich, J.M. (2022). *Human Resource Management*. McGraw Hill Education.

Unit - 2

Development Initiatives



Learning Outcomes

Upon the completion of this unit the learner will be able to;

- ◇ analyse the significance of discipline and workers' participation in management in maintaining organisational effectiveness.
- ◇ evaluate the role of team building and collective bargaining in fostering cooperation and industrial harmony.
- ◇ assess the causes and organisational implications of absenteeism and labour turnover.
- ◇ examine the concept, dimensions, and principles of Quality of Work Life (QWL) in contemporary organisations.
- ◇ critically analyse various techniques and initiatives adopted by organisations to enhance employee satisfaction and workplace productivity.



Prerequisite

Imagine a manufacturing company where employees frequently violate workplace rules, conflicts arise between workers and management, team members struggle to coordinate effectively, absenteeism is increasing, and employee turnover is becoming a serious concern. At the same time, employees complain about poor working conditions and limited opportunities for participation in decision-making. Such situations not only affect employee morale but also reduce organisational productivity and effectiveness.

Modern organisations therefore focus not only on recruiting and developing employees but also on maintaining discipline, encouraging employee participation, promoting teamwork, reducing absenteeism and labour turnover, and improving the quality of work life. These initiatives help create a positive work environment where employees remain motivated, committed, and productive. This unit introduces various development initiatives that contribute to organisational effectiveness and employee well-being.



Keywords

Discipline, Workers' Participation in Management (WPM), Team Building, Collective Bargaining, Absenteeism, Labour Turnover, Quality of Work Life (QWL), Quality Circle, Participative Management, Employee Empowerment, Industrial Harmony, Work-Life Balance



Discussion

6.2.1 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.

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 so he/she can perform well.

The major objectives of discipline involve

- ◇ 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

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.

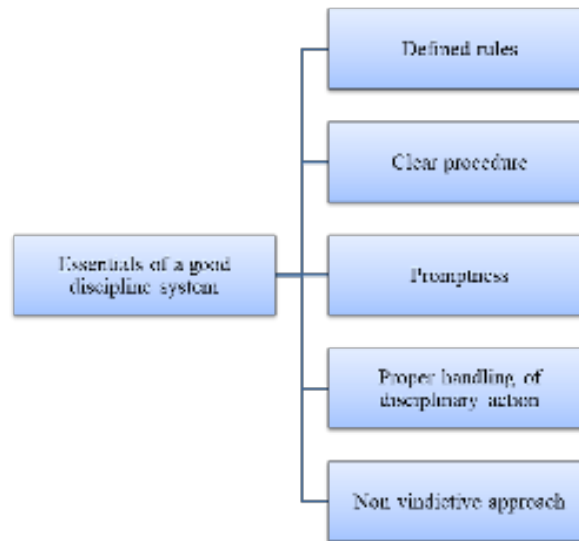


Fig 6.2.1 Essentials of a good discipline system

◇ **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.

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.

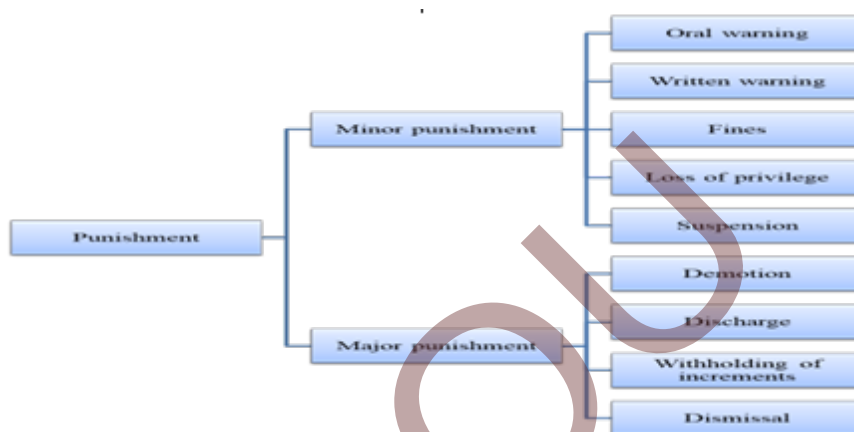


Fig. 6.2.2 Types of Punishment

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.

6.2.2 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.

6.2.2.1 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 firm.
- ◇ To encourage employee suggestions.

6.2.2.2 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.

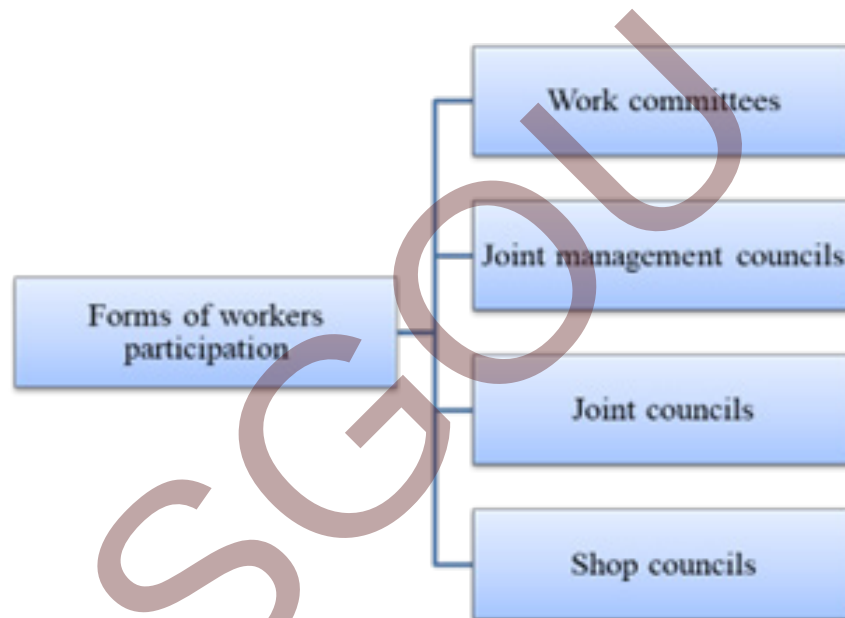


Fig. 6.2.3 Forms of workers participation in India

◇ **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 reason for that is given below;

- ◇ 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

6.2.3 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.

6.2.3.1 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.

6.2.3.2 Objectives and Benifits of Team Building

Now, let we 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



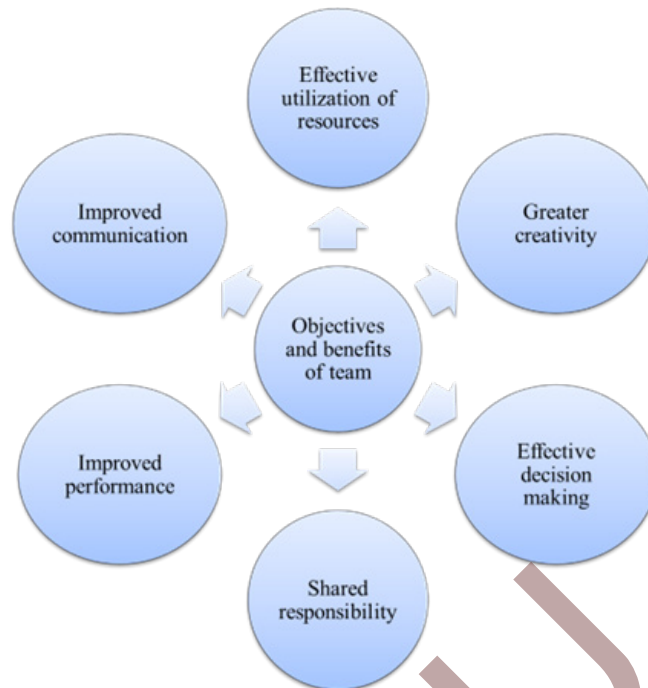


Figure 6.2.4 Objectives and benefits of team

- ◇ *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.

6.2.3.3 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;

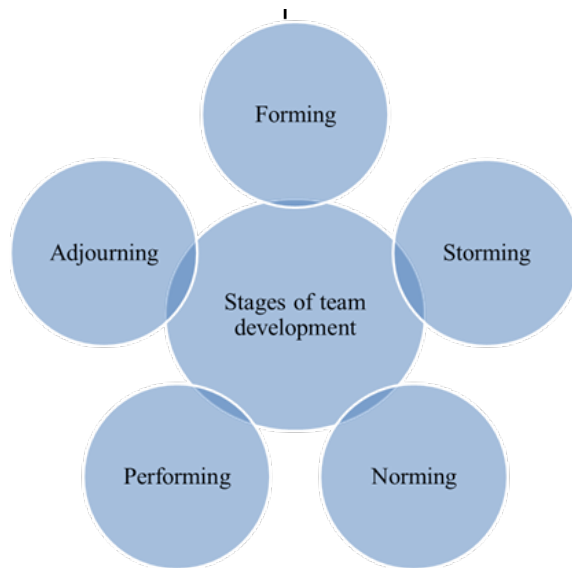


Figure 6.2.5 Stages of team developing

- **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.

6.2.4 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 Flippo, “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.”

6.2.4.1 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 bi-parties 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.

6.2.4.2 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

6.2.4.3 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.

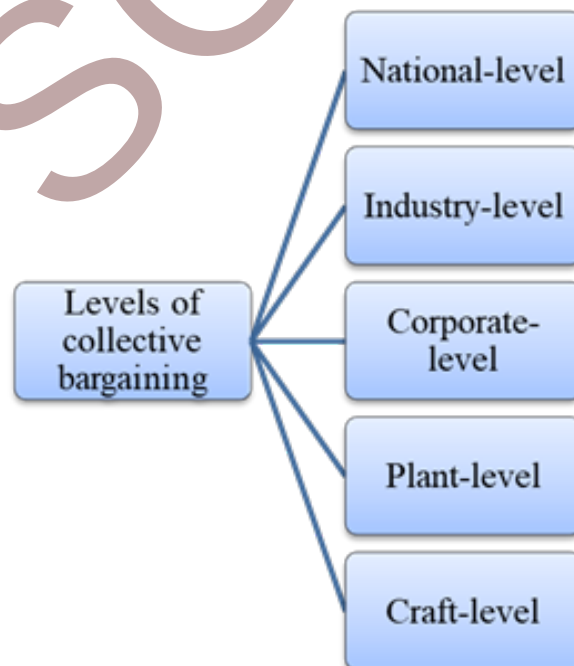


Figure 6.2.6 Level of collective bargaining

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.

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.

6.2.5 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.

6.2.5.1 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.

6.2.5.2 Types of Absenteeism

The major types of absenteeism include;

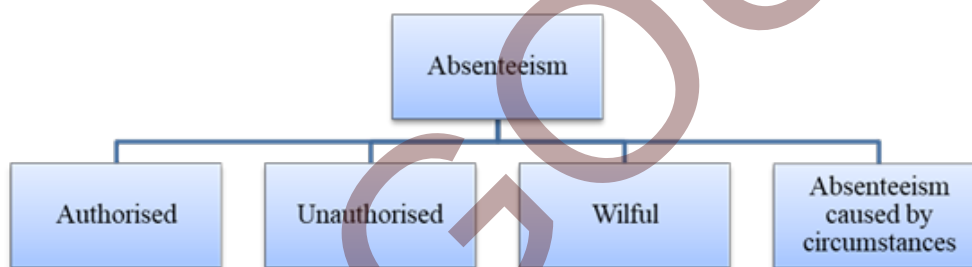


Figure 6.2.7 Types of absenteeism

- ◇ *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.

6.2.5.3 Cause of absenteeism

The major causes of absenteeism include

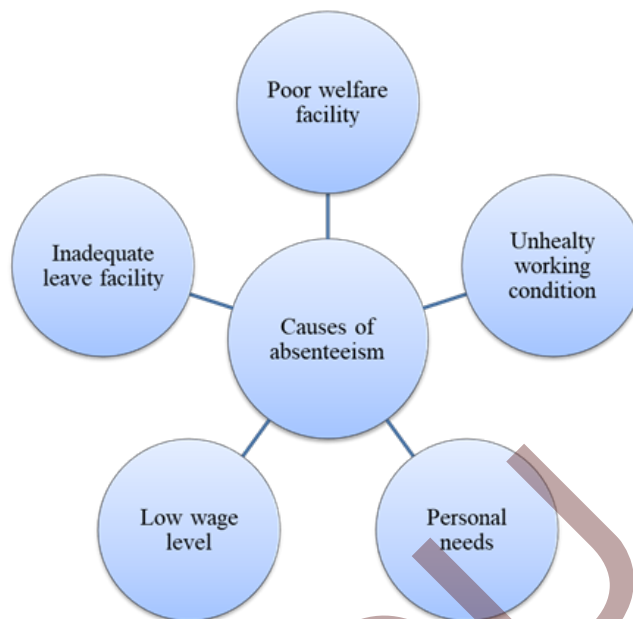


Figure 6.2.8 Causes of absenteeism

- ◇ **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 includedack 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.

6.2.6 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.

6.5.6.1 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.

6.2.6.2 Types of Labour Turnover

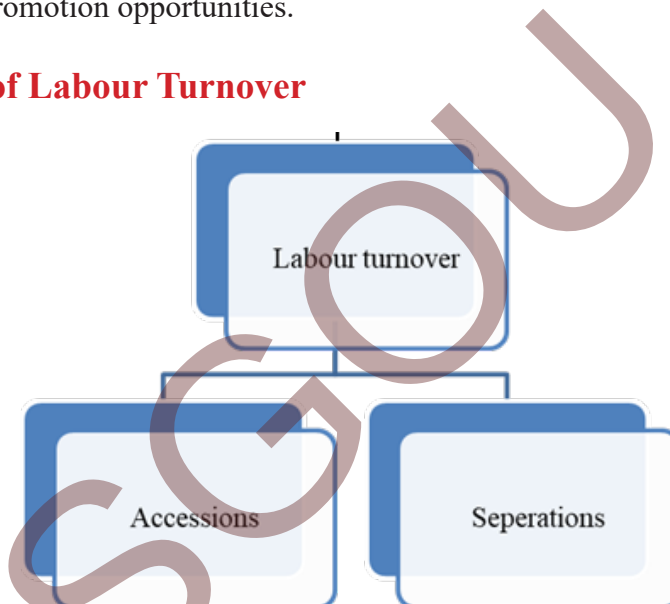


Figure 6.2.9 Types of Labour Turnover

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.

6.2.7 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".

6.2.7.1 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.

6.2.7.2 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

6.2.7.3 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;



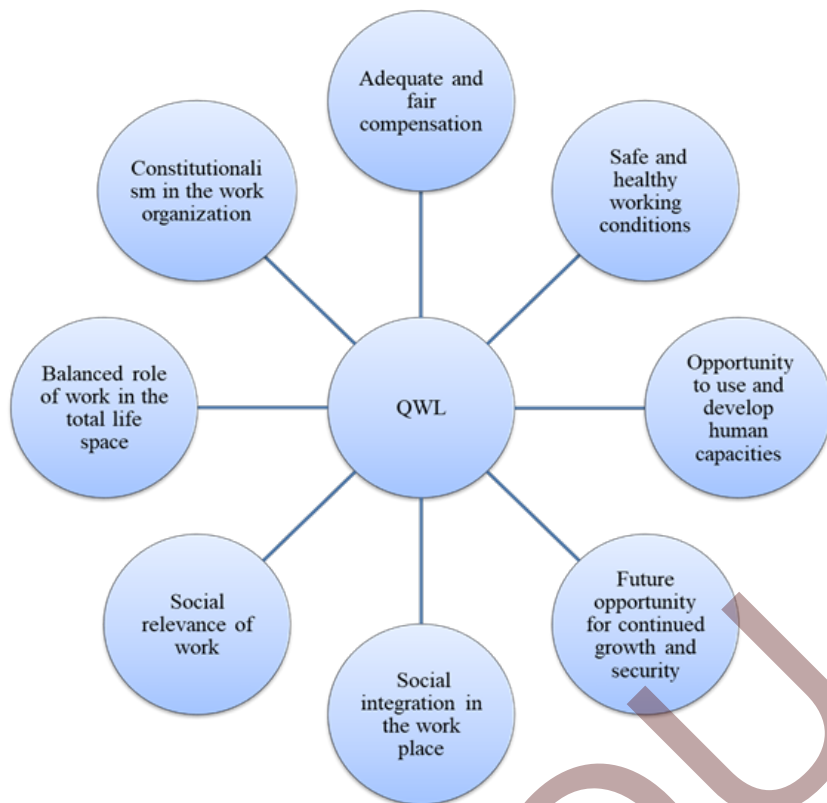


Figure 6.2.10 Conceptual Categories of QWL

A. 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

B. 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.

C. 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.

D. 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.

E. 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.

F. 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.

G. 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.

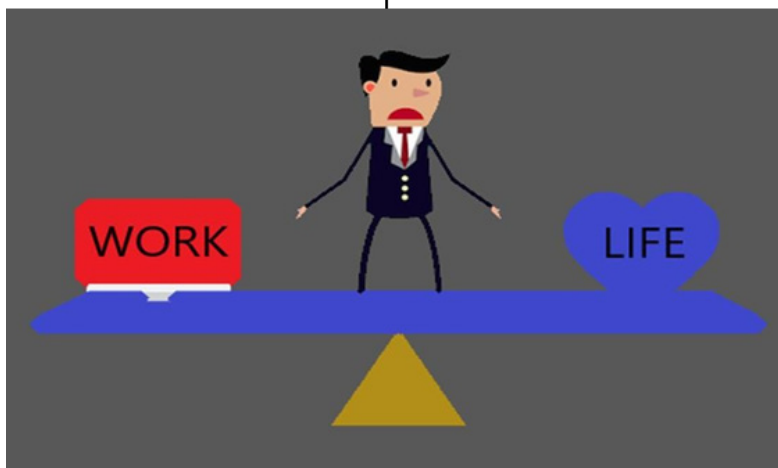


Figure 6.2.11 Work –Life balance

H. 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.

6.2.7.4 Principle of QWL

The major principles of QWL are given below;

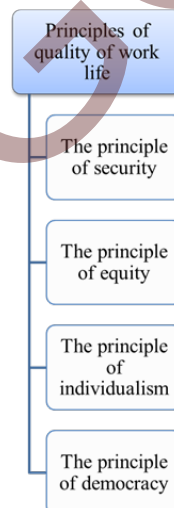


Figure 6.2.12 Principles of quality of work life

a. 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.

b. 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.

c. 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.

d. 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.

6.2.7.5 Techniques of QWL

Major techniques used to improve the quality of work life are given below;

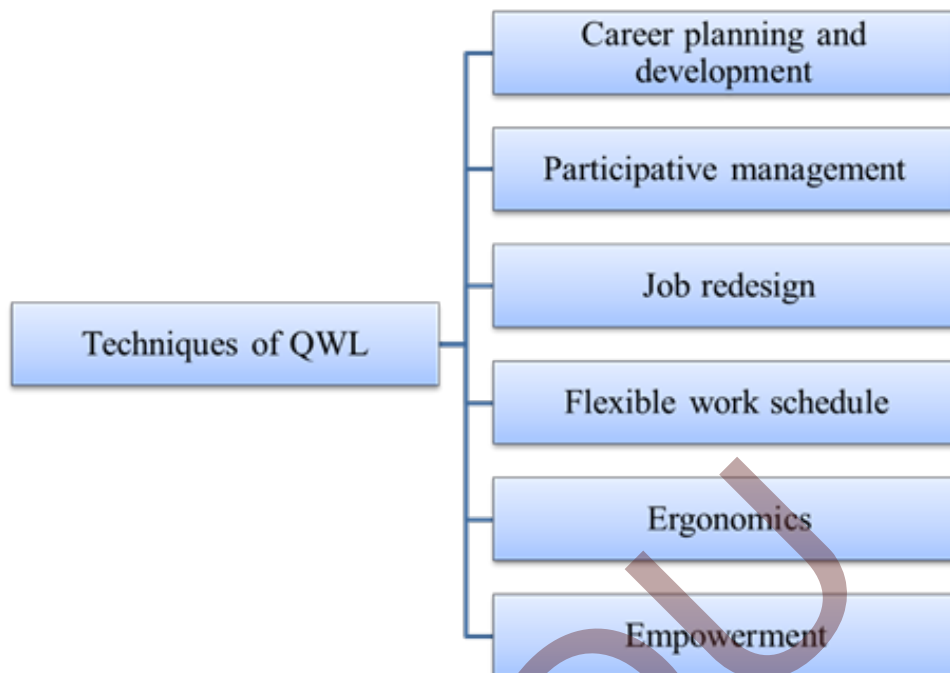


Figure 6.2.13 Techniques of Quality of Work Life

a. 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

b. 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.

c. 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.

d. 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.

e. 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.

f. 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.

6.2.7.6 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.

6.2.7.7 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.

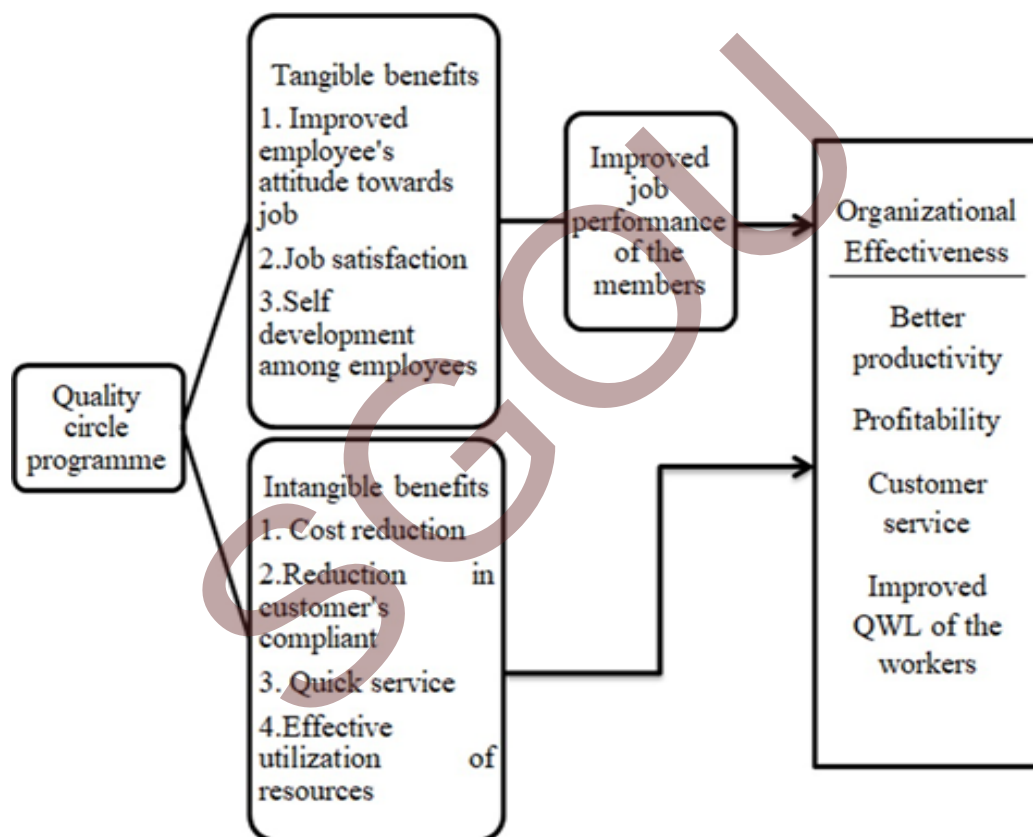


Figure 6.2.14 Benefits of Quality Circles

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.

6.2.7.8 Structure of Quality Circles

Assume that the quality circles of A, B, C, D, E, F, G and H identified a problem related to their work in the Velbern Pvt. Ltd. So, they want to solve it. Every organisation has a specific structure for problem-solving in quality circles. We can go through the structure of the quality circles.

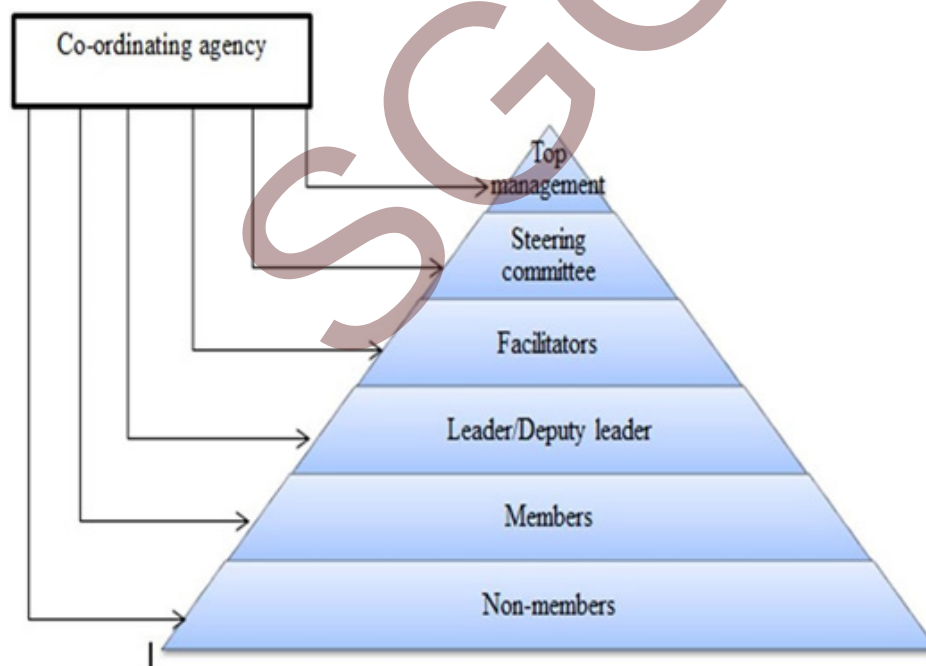


Figure 6.2.15 Structure of Quality Circles

◇ **Non-members**

Non-members are persons who have not joined in the quality circles. Once quality circles identify and solve a problem, they need the support of non-members to implement the solution.

◇ **Members**

A, B, C, D, E, F, G and H are the members of the above quality circles. Members are the heart of the quality circles which means they are the heart of this programme. It involves interested people in the same workplace. The members conduct meetings regularly, sharing ideas, passing information, problem identification, etc.

◇ **Leader/Deputy leader**

In the beginning part, we read that A is the leader of the quality circles in Velbern Pvt. Ltd. Every quality circle has a leader and the leader is elected by the members of the circle. The leader is responsible for the operation of the quality circles like conducting meetings, training members to solve problems, keeping the meeting on the right track, etc.

◇ **Facilitator**

The facilitator is considered as the link or connection between the quality circles leader and the steering committee and the facilitator is responsible for supporting the quality circles in preparing presentations, acting as an evaluator, providing feedback to the steering committee, etc.

◇ **Steering committee**

It is the apex body of the plant and it formulates objectives and goals and provides guidelines, advice, etc. to the quality circles. The steering committee involves the departmental heads from major functional areas like finance, operations, service areas, etc.

The major functions of the steering committee include;

- ◇ **Arrange training for the leaders of the quality circles**
- ◇ **Budget preparation for quality circles**
- ◇ **Arranging halls or rooms for quality circle meetings**
- ◇ **Ensure the functioning of the quality circles based on the organisational goals.**

◇ **Top Management**

Top management involves the Chairman, Managing director, Directors, Chief executives, General Managers, etc. The establishment and performance of the quality

circles are based on the interest, commitment and support of the top management.

◇ **Co-ordinating agency**

Quality circles require high coordination for their functioning. The co-ordinating agency is responsible for the coordinating activities of the quality circles.

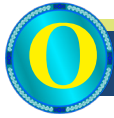
The major functions of a co-ordinating agency involve preparing agendas for meetings, preparing and presenting reports of the quality circles to the steering committee, arranging workshops, seminars, etc.



Recap

- ◇ Discipline helps employees comply with organisational rules and promotes smooth organisational functioning.
- ◇ Effective disciplinary systems require defined rules, clear procedures, prompt action, and fair treatment.
- ◇ Workers' Participation in Management enables employees to participate in decision-making and strengthens employee-employer relations.
- ◇ Major forms of workers' participation in India include Work Committees, Joint Management Councils, Joint Councils, and Shop Councils.
- ◇ Team building enhances communication, creativity, resource utilisation, decision-making, and organisational performance.
- ◇ Teams generally progress through the stages of Forming, Storming, Norming, Performing, and Adjourning.
- ◇ Collective bargaining is a negotiation process between employers and employees to determine employment conditions and resolve workplace issues.
- ◇ Absenteeism refers to employee absence from work and may arise due to poor working conditions, low wages, personal problems, and inadequate welfare facilities.
- ◇ Labour turnover refers to the movement of employees into and out of an organisation.
- ◇ Quality of Work Life (QWL) aims to improve employee well-being, job satisfaction, and organisational effectiveness.
- ◇ Quality circles are small groups of employees who regularly meet to identify and solve work-related problems and improve performance.





Objective Questions

1. What is discipline in an organisation?
2. Which disciplinary punishment involves reducing an employee's position and pay?
3. What is meant by Workers' Participation in Management?
4. Which body was established under the Industrial Disputes Act, 1947, to promote harmonious relations?
5. What is a team?
6. Which stage of team building is characterised by conflict and competition among members?
7. What is collective bargaining?
8. Which type of absenteeism occurs when an employee is absent without obtaining prior permission?
9. What is labour turnover?
10. What does QWL stand for?



Answers

1. An external force that enables employees to comply with organisational rules and regulations.
2. Demotion.
3. Employee involvement in organisational decision-making.
4. Work Committee.
5. A small group of people with complementary skills working towards a common objective.
6. Storming.
7. A process of negotiation between employers and employees regarding employment conditions.
8. Unauthorized absenteeism.
9. The movement of employees into and out of an organisation.
10. Quality of Work Life.



Self-Assessment Questions

1. Explain the concept of discipline and discuss the essentials of an effective disciplinary system.
2. Examine the objectives, forms, and significance of Workers' Participation in Management.
3. Discuss the characteristics, objectives, and stages of team building.
4. Analyse the concept, features, and importance of collective bargaining in industrial relations.
5. Explain the causes and types of absenteeism and labour turnover and their impact on organisations.
6. Evaluate the concept, dimensions, principles, and techniques of Quality of Work Life.



Assignment

1. Visit an organisation and identify the disciplinary rules and procedures followed there. Prepare a brief report on their effectiveness.
2. Examine how employee participation is encouraged in an organisation known to you and evaluate its impact on employee satisfaction and productivity.
3. Analyse a successful team (sports team, project team, or workplace team) and explain how teamwork contributed to achieving its objectives.
4. Collect information about a recent labour dispute and examine the role of collective bargaining in resolving the issue.
5. Conduct a small survey among employees or students and identify factors that contribute to absenteeism, work-life balance, and overall quality of work life.





Reference

1. Gupta, C.B. (2023). *Human Resource Management*. Sultan Chand & Sons, New Delhi.
2. Subba Rao, P. (2023). *Personnel and Human Resource Management*. Himalaya Publishing House, Mumbai.
3. Aswathappa, K. (2023). *Human Resource Management: Text and Cases*. McGraw Hill Education, New Delhi.
4. Prasad, L.M. (2022). *Human Resource Management*. Sultan Chand & Sons, New Delhi.
5. Dessler, G. (2020). *Human Resource Management*. Pearson Education.



Suggested Reading

1. Armstrong, M. (2023). *Armstrong's Handbook of Human Resource Management Practice*. Kogan Page.
2. Noe, R.A., Hollenbeck, J.R., Gerhart, B., & Wright, P.M. (2023). *Human Resource Management: Gaining a Competitive Advantage*. McGraw Hill Education.
3. Mondy, R.W., & Martocchio, J.J. (2021). *Human Resource Management*. Pearson Education.
4. Decenzo, D.A., Robbins, S.P., & Verhulst, S.L. (2021). *Fundamentals of Human Resource Management*. Wiley.
5. Ivancevich, J.M. (2022). *Human Resource Management*. McGraw Hill Education.

Model Question Paper Sets





SREENARAYANAGURU OPEN UNIVERSITY

QP CODE:

Reg. No :

Name :

MODEL QUESTION PAPER SET I
FIFTH SEMESTER BACHELOR OF COMMERCE (Honours) EXAMINATION
MINOR COURSE - SGB24BB202MI- HUMAN RESOURCE MANAGEMENT
(CBCS - UG)
2024-25 - Admission Onwards

Time: 3 Hours

Max Marks: 70

Section A
(Answer any 8, each carries 1 mark)

(8×1= 8)

1. Define Human Resource Management.
2. What is Strategic Human Resource Planning?
3. What is Recruitment?
4. What is Placement?
5. Define Training.
6. What is Vestibule Training?
7. What is 360-degree Performance Appraisal?
8. Define Compensation.
9. What is an Employee Grievance?
10. What is an Open-Door Policy?

Section B
(Answer any 6 each carries 2 marks)

(6×2=12)

11. Distinguish between Personnel Management and Human Resource Management.
12. Explain any two objectives of Human Resource Planning.



13. Differentiate between Recruitment and Selection.
14. State any two objectives of Induction.
15. Distinguish between On-the-Job Training and Off-the-Job Training.
16. Explain any two problems associated with Performance Appraisal.
17. Explain any two components of the Compensation Management System.
18. Explain any two methods used to identify employee grievances.

Section C
(Answer any 6, each carries 5 marks)

(6x 5 = 30)

19. Explain the objectives and importance of Human Resource Management.
20. Discuss the process involved in Human Resource Planning.
21. Explain the various external sources of Recruitment.
22. Describe the selection procedure followed in organisations.
23. Explain the methods of On-the-Job Training.
24. Discuss the objectives and significance of Performance Appraisal.
25. Explain the different methods of Wage and Salary Administration.
26. Discuss the Grievance Redressal Procedure followed in organisations.

Section D
(Answer any 2 each carries 10 marks)

(2 x 10 = 20)

27. Critically examine the approaches to Human Resource Management and explain the major functions performed by Human Resource Managers.
28. Explain the various methods of Training and discuss how organisations evaluate the effectiveness of training programmes.
29. Analyse the various methods of Performance Appraisal and discuss the common problems encountered during the appraisal process.
30. Explain the causes of employee grievances and critically evaluate the various approaches to grievance redressal adopted by organisations.





SREENARAYANAGURU OPEN UNIVERSITY

QP CODE:

Reg. No :

Name :

MODEL QUESTION PAPER SET II
FIFTH SEMESTER BACHELOR OF COMMERCE (Honours) EXAMINATION
MINOR COURSE - SGB24BB202MI- HUMAN RESOURCE MANAGEMENT
(CBCS - UG)
2024-25 - Admission Onwards

Time: 3 Hours

Max Marks: 70

Section A
(Answer any 8, each carries 1 mark)

(8 x 1 = 8)

1. What is the Human Resource Concept?
2. Define Job Analysis.
3. What is Job Specification?
4. What is Internal Mobility?
5. Define Career Planning.
6. What is Behaviourally Anchored Rating Scale (BARS)?
7. What is Job Evaluation?
8. Define Arbitration.
9. What is an Exit Interview?
10. What is Job Rotation?

Section B
(Answer any 6 each carries 2 marks)

(6x2=12)

11. State any two characteristics of Human Resource Management.
12. Distinguish between Job Description and Job Specification.
13. Differentiate between Transfer and Promotion.
14. Explain any two objectives of Career Planning.



15. Distinguish between Traditional and Modern methods of Performance Appraisal.
16. Explain any two objectives of Job Evaluation.
17. Explain any two methods used in Career Development.
18. Distinguish between Informal Approach and Formal Approach to Grievance Redressal.

Section C
(Answer any 6, each carries 5 marks)

(6x5=30)

19. Trace the evolution of Human Resource Management from the Commodity Concept to the Human Resource Concept.
20. Explain the objectives and significance of Job Analysis in organisations.
21. Discuss the methods of Job Design with suitable examples.
22. Explain the different types of interviews used in employee selection.
23. Discuss the concept, objectives and features of Career Planning.
24. Examine the traditional and modern methods of Performance Appraisal with suitable examples.
25. Explain the major components of the Compensation Management System.
26. Discuss the different approaches to Grievance Redressal adopted by organisations.

Section D
(Answer any 2, each carries 10 marks)

(2x 10 = 20)

27. Evaluate the role of Human Resource Management in achieving organisational effectiveness and explain its major characteristics.
28. Analyse the contribution of Job Analysis and Job Design in improving employee performance and organisational productivity.
29. Explain the concept of Career Planning and discuss the various methods of Career Development adopted by organisations.
30. Critically examine the different approaches to Grievance Redressal and evaluate their role in maintaining industrial harmony.



സർവ്വകലാശാലാഗീതം

വിദ്യാതൽ സ്വതന്ത്രരാകണം
വിശ്വപൗരരായി മാറണം
ഗ്രഹപ്രസാദമായ് വിളങ്ങണം
ഗുരുപ്രകാശമേ നയിക്കണം

കുരിശുട്ടിൽ നിന്നു ഞങ്ങളെ
സൂര്യവീഥിയിൽ തെളിക്കണം
സ്നേഹദീപ്തിയായ് വിളങ്ങണം
നീതിവൈജയന്തി പാറണം

ശാസ്ത്രവ്യാപ്തിയെന്നുമേകണം
ജാതിഭേദമാകെ മാറണം
ബോധരശ്മിയിൽ തിളങ്ങുവാൻ
ജ്ഞാനകേന്ദ്രമേ ജ്വലിക്കണം

കുരീപ്പുഴ ശ്രീകുമാർ

SREENARAYANAGURU OPEN UNIVERSITY

Regional Centres

Kozhikode

Govt. Arts and Science College
Meenchantha, Kozhikode,
Kerala, Pin : 673002
Ph: 04952920228
email:rckdirector@sgou.ac.in

Thalassery

Govt. Brennen College
Dharmadam, Thalassery
Kannur, Pin : 670106
Ph: 04952990494
email:rctdirector@sgou.ac.in

Tripunithura

Govt. College
Tirpunithura, Ernakulam
Kerala, Pin : 682301
Ph: 04842927436
email:rcdirector@sgou.ac.in

Pattambi

Sree Neelakanta Govt. Sanskrit College
Pattambi, Palakkad
Kerala, Pin : 679303
Ph: 04662912009
email:rcddirector@sgou.ac.in

BEFORE YOU EVEN THINK OF RAGGING



Download

**ANTI
RAGGING**

App



Humiliation

Blacklisting

Ruined Career

Don't just stand and watch. Stop Ragging! Show Character
Visit UGC Website i.e. www.ugc.ac.in & www.antiragging.in to UGC Anti Ragging regulations.



Ministry of Education
Government of India



Are You Being Ragged ?

विश्वविद्यालय अनुदान आयोग
University Grants Commission
quality higher education for all

**DON'T LET IT
BE TOO LATE**

**SAY
NO
TO
DRUGS**

**LOVE YOURSELF
AND ALWAYS BE
HEALTHY**



SREENARAYANAGURU OPEN UNIVERSITY

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

Public Policy in India

COURSE CODE :SGB24BB202MI

SGOU



YouTube



Sreenarayanaguru Open University

Kollam, Kerala Pin- 691601, email: info@sgou.ac.in, www.sgou.ac.in Ph: +91 474 2966841

ISBN 978-81-688475-6-9



9 788168 847569